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Preface.

In 1928, with the assistance of numerous distinguished Polish jurists, the editor of this present volume, published „The Review of Polish Law and Economics", a quarterly publication in English and German, which was mainly concerned with the bringing to the notice of its readers, of summaries of current Polish legal enactments and of other factors affecting the economic situation.

However, in preparing for the second volume of this publication, it was realised that, at any rate as far as the readers of the English text were concerned, it was no longer necessary to devote space to the economic and financial situation of Poland, as this question was being dealt with most efficiently by the numerous economic journals in that language, i. e., „The Polish Economist", „Poland", „The Monthly Review of the National Economic Bank", „The Statistical Bulletin of the Ministry of Finance", etc., and it was therefore decided to replace the omitted matter by the complete English texts of several of the more important laws affecting the business relations of Poland with foreign countries. At the same time it was arranged to make the „Review" an annual publication at a reduced price.

It is intended, in future years, to continue the publication of Polish Laws until such a time as there will be available in English, a complete set of all laws affecting the relations of foreigners with Poland.

For convenience of reference, the English and the German sections of this work, which do not contain the same texts, are each numbered consecutively from the beginning and are separately indexed.

With a view to the more efficient carrying out of his task, the Editor would be most appreciative of any suggestions or criticisms which could be of service in the preparation of the next volume.

Joint Stock Company Law.

Decree of the President of the Republic dated 22nd March, 1928.
(Journal of Laws, No. 39 of 1928., Item 383.)

PART I.

Formation of a Joint Stock Company.

Art. 1. The foundation capital of a joint stock company shall be stated in the articles of association and must be composed of shares of equal nominal value.

The shareholders shall be liable only in so far as is stated by the articles of association.

A joint stock company is a legal entity and a commercial organisation.

Shareholders shall not be personally liable for the obligations of the company.

Art. 2. The articles of association of a joint stock company shall be drawn up as a separate notarial deed. The persons signing the articles of association are the promoters of the company and should number at least three persons except in cases where the company is promoted by the State or by a local government authority.

Art. 3. The articles of association of a joint stock company shall state:

1) the name and the domicile of the company;
2) the object of the undertaking;
3) the duration of the company, if such is limited;
4) the amount of the share capital, the manner in which it is to be raised, the nominal value of the shares and their number and whether they are to be registered or bearer shares;
5) the number of the shares of each category and the rights attached thereto in cases where shares of more than one category are to be issued;
6) the names and styles (firm names), and addresses (domiciles) of promoters;
7) the organisation of the directive and supervisory authorities.

In addition to the foregoing, the articles of association shall, under penalty of nulity of the company, include particulars relating to:

8) the number and categories of titles to participation in the revenues or in the division of the estates of the company and the rights carried by such titles;
9) recurrent non-pecuniary obligations to the company attaching to the shares;
10) the conditions and methods of amortization of shares.

Art. 4. A joint stock company having as its object an enterprise of national importance or of the character of a public utility, may be founded after securing special permission from the Minister of Industry and Commerce, who shall also approve the articles of association and any alterations therein pursuant to the tenets of the law.

The articles of association of joint stock companies engaged in banking and insurance business and any alterations therein must be confirmed by the Minister of Finance in conjunction with the Minister of Industry and Commerce.

The Cabinet on the advice of the Minister of Industry and Commerce in conjunction with the Minister of Justice will issue decrees enumerating the types of undertakings to be regarded as of national importance or possessing the character of public utilities.

Foreign joint stock or limited liability companies shall be permitted to operate within the territory of the Republic only with the permission of the Minister of Industry and Commerce issued in conjunction with the Minister of Finance.

The cabinet, on the advice of the Minister of Industry and Commerce in conjunction with the Minister of Finance will issue decrees fixing the conditions under which foreign joint stock companies and limited liability companies may be allowed to operate within the territory of the Republic.

Art. 5. The share capital of a joint stock company shall amount to at least two hundred and fifty thousand złoty.

The share capital can be paid in either in cash, or in non pecuniary form (property, rights, etc.), or in both manners together.

Shares issued in respect of non pecuniary considerations must be paid up before the company is registered, whilst those issued for cash must be paid up to the extent of at least one quarter of their nominal value.

Shares may not be issued below their nominal value.

In cases where shares are issued at a premium above the nominal value, the difference must be paid up in full before the company is registered.

Art. 6. Where non pecuniary investments are foreseen, or where it is proposed to acquire property or rights toproperty before registration or payments are to be made for services in connection with the floating of the company, the promoters shall be required to execute a written statement, showing in detail:

1) the nature of the non pecuniary investments put forward as cover of she whole or of a part of the share capital, and the number and category of thares or other titles to participation in the profits or in the estate of the company in case of liquidation, which have been issued in consideration thereof;

2) the property or the rights to property acquired prior to the registration of the company and the amount and conditions of payment therefor;

3) services rendered in the promotion of the company and the amount and conditions of payment thereof;

4) the names of the persons who make the non-pecuniary investments, who receive remuneration for services rendered, or who make over property or rights to property to the company.

The statement should enumerate the reasons for the proposed transactions and the amount of remuneration agreed to be paid and should be accompanied by originals or officially certifiedcopies of all documents concerned.

Art. 7. The declaration of the promoters should be submitted to the inspection of expert auditors, who will examine its authenticity and accuracy,

and who will report whether the amount of the remunerations and payments proposed are justified.

The registry court in whose jurisdiction lies the registered office of the company, shall nominate an odd number of expert auditors from a list drawn up by the chambers of industry and commerce.

On the written demand of the expert auditors the promoters of the company shall furnish such additional explanations as are required, either in the form of written statements or signed declarations.

The expert auditors shall prepare a detailed report in duplicate which shall be submitted together with the declaration of the promoters to the registry court which latter shall return it to the founders after having duly certified one copy.

The registry court shall fix the remuneration of the expert auditors and approve their expense account. Should the founders fail to pay this amount voluntarily the registry court may enforce these payments in the manner prescribed for the collection of registry fees.

Art. 8. The approval of the promotion of a joint stock company, of the text of its articles of association and of the allotment of its shares either to the promoters, either by themselves or in association with other parties shall be the subject of one or more notarial deeds.

These notarial deeds shall in particular enumerate the persons to whom shares are allotted with the number and category of shares taken up by each, the price of the issue and dates of instalments and shall certify the election of the first board of the company.

In the event of the shareholders acquiring shares in exchange for non-pecuniary considerations or if property or rights to property are to be acquired for cash before the registration of the company, such notarial deeds shall specify the persons contributing such non pecuniary considerations or the vendors of the property or property rights, the nature of the deposit or of purchase, as also the amount and type of the remuneration made therefor.

Art. 9. It shall be clearly stated in the notarial deed relating to the formation of the company, that everyone of the future shareholders signing such deeds, is acquainted with the promoters' declaration and also with the report of the expert auditors (Arts. 7 and 8).

Art. 10. If the share capital is to be raised by means of a prospectus (public subscription), the articles of association of the projected company must be previously published in the „Monitor Polski" and it must be therein stated when and before which notary public they were executed.

Art. 11. Prior to the publication of a prospectus inviting subscriptions for shares, the promoters shall lodge with the district court having jurisdiction over the place of domicil of the company, a deposit amounting to one-twentieth of the share capital.

This deposit shall serve to furnish a guarantee for all claims against the promoters arising out of irregularities in the promotion of the company. Such claims shall have priority over those of other creditors to the deposit.

The deposit shall be returned after the registration of the company has been effected or after the expiry of six months from the date of a notice to the effect that the flotation of the company has been abandoned.

The State and local government authorities shall be exempt from the obligation of making such a deposit.

Art. 12. Prospectuses inviting subscriptions shall be published in the „Monitor Polski" and in other periodicals selected by the promoters and shall state:

1) the number and date of the issue of the „Monitor Polski" in which the articles of association were published;

2) the date and the number of the receipt for the deposits and the name of the court in which it has been lodged;

3) the number and the categories of shares offered for subscription;

4) the nominal value and the price of issue of shares;

5) the place of subscription and the dates of the opening and closing of the issue;

6) the amount, place and dates on which payments should be effected before the company is registered, and the consequences of the non-payments by the prescribed dates;

7) the basis of the allottment of shares to subscribers;

8) the length of time during which the application shall be binding on the subscriber in the event of application for registration of the company having been filed;

9) the names of the persons inviting subscriptions for shares.

The prospectus shall also contain particulars of:

10) non-pecuniary considerations and property and rights to property acquired prior to the registration of the company, specifying the name of the contribution or vendor, the nature of the investment or purchase, as also the manner and amount of payment;

11) the special advantages attaching to each category of shares and any advantages granted for services rendered to the company;

12) Recurrent non pecuniary obligations attaching to shares.

Art. 13. Applications for shares shall be completed in duplicate for each subscriber: one copy being for the subscriber and the other one for the company.

In addition to the text of the prospectus, application forms shall also contain:

1) the number and categories of shares applied for;

2) the amount paid in respect of the shares;

3) approval of the articles of association and of the formation of the company;

4) signatures of the subscribers and of the bank or banks authorised to accept applications and payments for shares.

An application for shares made subject to a condition or reservation shall be null and void.

Art. 14. Applications and payment for shares may be accepted only by the Bank of Poland, by State banks, and by other banks which have received the requisite permission from the Minister of Finance.

Payments on shares shall not be drawn upon by the promoters, but shall be retained at the exclusive disposal of the future board of the company.

Art. 15. In the event of the non-payment of any instalment due by subscription and payable in before the registration of the company, the founders shall be empowered to consider the application as having lapsed owing to the expiration of the time limit.

In such cases the payments already made shall be forfeited in favour of the company, and the relevant shares can then be acquired by subscription either by the promoters or other persons.

Art. 16. The time limit for the filing of applications for shares shall not exceed three months from the date of the opening of the subscription.

If within the period named in the prospectus the whole number of shares offered have not been subscribed for and the necessary payments made, the formation of the company shall be regarded as not having been realised.

Within 14 days after the lapse of the time limit fixed for the closing of the subscription lists, the promoters shall publish a notice, stating that the formation of the company has not been realised, in those periodicals in which the prospectus was inserted, and shall offer subscribers the return of the amounts subscribed.

Art. 17. If all the shares have been subscribed and duly paid for, the promoters shall within fourteen days after the closing of the lists proceed to allot the shares to the subscribers.

Lists of subscribers showing the number and categories of shares allotted to each, shall be exhibited during the following fourteen days in those places where the subscriptions were accepted.

During the last named period, those persons to whom no shares were allotted shall be invited to apply for the return of the sums subscribed.

Art. 18. Not later than sixty days from the date of the closing of the subscription the founders shall call a preliminary meeting by the publication of one notice.

The notice shall be published at least fourteen days before the date of the meeting in the same periodicals in which the prospectus was published.

During these fourteen days copies of the promoters' declaration and of the opinion of the expert auditors shall be issued to the future shareholders at the places indicated in the notice.

Art. 19. If the value of the non-pecuniary investments or of property or rights toproperty acquired prior to registration as ascertained by expert auditors, is less than the value fixed in the promoters declaration by not less than one-fifth, each and every subscriber shall have the right of withdrawing from participation in the company. Notification of such withdrawal may be sent by registered letter to the promoters and should be delivered before the day fixed for the preliminary meeting, or may be given in a statement made during the meeting before the election of the board is proceeded with. Shares allotted to subscribers who have withdrawn from participation in the company may be acquired (art. 13) by the promoters or by other persons by subscription.

Art. 20. The preliminary general meeting shall be conducted according to the principles laid down for ordinary general meetings.

The meeting shall be opened by one of the promoters.

Art. 21. The disposal of all the shares and the receipt of the payments prescribed before registration shall be certified at the preliminary meeting and the promoters declaration and the expert auditors reports shall also be read.

The preliminary meeting may not amend the articles of association.

The preliminary meeting shall confirm the expenses of formation of the company by a special resolution.

The meeting shall elect the first officers of the company.

Art. 22. Upon the request of persons, representing at the meeting not less than one-tenth of the paid up share capital, and not enjoying any special privileges, arrangements shall be made for a second scrutiny of the promoters' declaration by a committee to be elected at the meeting and consisting of not less than three persons. The persons demanding the second scrutiny shall have the right of nominating one of the members of the committee.

On the election of the committee, the meeting shall be adjourned for at least eight days. The date of the new meeting shall be fixed by the meeting itself.

If the finding of a majority of the committee is not in accordance with the promoters' declaration, the elections of the board of the company shall not be proceeded with until a resolution has been taken regarding the further continuance of the company.

Such a resolution shall be taken by a plain majority of votes representing holders of shares paid for in cash who are present and who enjoy no special privileges; neither the promoters not any persons to whom special privileges are to be granted nor remuneration paid, even though they also represent shares paid for in cash, may take part in the voting either on their own account or as proxies.

Art. 23. The board shall apply for the registration of the company in the commercial register at the Court within the jurisdiction of which the company is domiciled.

Such applications shall be accompanied by the following documents in originals or in certified copies:

1) the articles of association;

2) agreements for the formation of the company and the taking up of shares;

3) a certificate signed by the Board to the effect that the payments required by the articles of association have been effected, and that guarantees have been given for the transfer of non-pecuniary considerations to the company immediately upon its registration;

4) a certificate to the effect that the officers of the company have been appointed and a nominal list thereof;

5) proof of the approval and ratification of the articles of association by the appropriate authority, if such approval is necessary for the formation of the company.

Where the share capital has been raised by public subscription, the following data shall also be furnished:

6) the minutes of the preliminary meeting together with a copy of the prospectus;

7) a list of subscribers showing the number of shares allotted to each and the amount of payments received;

8) a certificate from the banker to the company showing the amount of payments made.

Further, in cases foreseen by this law, the promoters' declaration and the report of the expert auditors should be appended as also the report of the committee elected by the preliminary general meeting.

The Court will preserve the documents appended to the notification in its records of registration.

Upon the registration of the company the board shall within fourteen days, file with the Ministry of Industry and Commerce copies of the articles of association, and of the agreements for the formation of the company and the taking up of shares.

Art. 24. The company shall, upon registration, become a legal entity.

Persons, acting in the name of the company before registration, shall be held jointly and severally personally responsible for their actions.

Art. 25. If within three months of the closing of the subscription lists, or, in the cases mentioned in Art. 8 within three months of the date of the drawing up of the articles of association, no application is made for the registration of the company, or if a decision of the Court refusing registration is confirmed, the promoters and the persons elected to the first Board of the company shall immediately become collectively responsible for the early issue of a notice to all interested parties and for arranging for the return of subscriptions and of non-pecuniary considerations received.

Art. 26. If, it shall appear after the registration of a company that the provisions of the present law have not been fully complied with, the registry court may either "modu propio" or at the instance of those concerned, require the company to comply with the law, and to designate an appropriate period for this purpose.

If the company fails to satisfy this demand, the registry court may apply the means of enforcement envisaged in the law for the compulsory filing of applications for registration within the prescribed time-limit.

If any of such failure in compliance is of essential importance for the further continuance of the company, and if it is not removed within the expiry of the time-limit fixed by the registry court, the court within the jurisdiction of which company is domiciled, and which is competent to promulgate decisions on commercial matters may either "modu proprio" or at the instance of those concerned, after having invited the board to show cause for its action, issue an order for the winding up of the company.

The company may not be wound up by reason of any such failure to comply with the law after the expiration of five years from the date of registration.

Art. 27. The obligatory notices required to be made by the company, shall be inserted in the "Monitor Polski", and also in any other periodicals designated for this purpose by the general meeting. The Minister of Industry and Commerce may, in addition prescribe any other periodical in which such notices should be published.

PART II.

Shares. Rights and obligations of shareholders.

Art. 28. Shares may be either registered or bearer shares. The conversion of registered shares into bearer shares, or vice versa, may be effected at the request of the shareholder, unless the present law or the articles of association determine otherwise.

Shares are indivisible; they may be issued in blocks.

Art. 29. Shares issued in respect of non-pecuniary considerations shall remain registered up to the moment of the adoption by the general meeting of the report and the accounts for the second year's operations and may not be sold or hypothecated before that time.

Such shares shall be retained by the company during the specified period against claims for compensation arising out of agreements relating to non-pecuniary investments.

Such claims shall enjoy priority for satisfaction before those of other creditors.

The ear-marking of such shares shall be endorsed on the share certificates, and interim certificates.

Art. 30. The nominal value of the shares must be at least one hundred złoty.

In public utility companies, the nominal value of the registered shares may be as low as twenty five złoty.

Art. 31. Bearer shares may not be issued until they are fully paid; registered interim certificates may however be issued as evidence of part-payment.

Registered shares may be issued before the payment of the full amount due.

Note of each instalment paid shall be entered upon the interim certificates and registered shares.

Shares certificates and interim certificates issued before the registration of the company or prior to a new issue are void.

Art. 32. Shares are transferable.

The transfer of registered shares may be subjected by the articles of association to the concurrence of the company, or be limited in other ways.

If the company refuses its concurrence it should be required to furnish another purchaser. The time period for such a nomination, the mode of determining the price, and the other conditions of concurrence, shall be fixed by the articles of association; in the absence of such provisions the registered shares may be disposed of without restriction.

Art. 33. Agreements restricting the transferability of shares to a fixed period, shall be enforceable.

Art. 34. The ownership of bearer shares shall be transferred by delivery.

The transfer of any registered shares or of interim certificates may be effected by means of a written instrument on the share certificate or on the interim certificate, or in the form of a separate document, and by the delivery at the same time of the shares or interim certificates.

The company shall record the transfer on the share or on the interim certificate and shall at the same time effect the appropriate entries in its transfer books.

The company is under no obligation to ascertain the authenticity of the vendor's signature.

Art. 35. A joint stock company shall keep a register transfer of registered shares and interim certificates (share transfer book). Such book shall be checked and certified by the competent registry court.

In this book shall be entered the full names and styles (firm names and addresses), domiciles), of the owners of registered shares of or interim certificates, the amount paid in, as also an entry of any transfer of the shares or interim certificates to another person, together with the dates of such entries.

Shareholders shall have free access to the transfer books.

Art. 36. Only those persons inscribed in the transfer books or holding bearer shares, shall be deemed to be shareholders of a company.

Art. 37. The text of the share certificates shall state:

1) the name and domicile of the company;

2) the court at which the company is registered and the number of the entry in the register;

3) the date on which the company was registered and the dates of the various share issues;

4) the nominal value, the number, series and category of the share and the particular rights attached thereto;

5) in the case of registered shares, the amount paid up;

6) any restriction affecting the transfer of the shares;

7) the provisions of the articles of association relative to recurrent non-pecuniary obligations of the company affecting the given share.

Each share shall bear the impress of the company's seal, and also the signatures of those members of the board who are authorised by the present law or by the articles of association to sign in the name of the company. The signatures may be mechanically produced.

Art. 38. In the event of a share certificate, interim certificate or dividend coupon, being so mutilated as to become unsuitable for further transfer, the company shall, on demand of the owner, furnish a duplicate copy subject to the repayment of the cost of so doing.

Art. 39. The company may issue shares possessing special privileges, which should be fully defined in the articles of association (privileged shares).

These special privileges may be in respect of voting rights, dividends, and division of the assets of the company in the event of liquidation.

Shares privileged in respect of voting must be registered shares. Such privileges may by made dependent upon certain conditions in the articles of association. No single share shall carry a right to more than five votes. In the event of such a share being exchanged for a bearer share, or in the event of it being disposed of contrary to the conditions imposed the privileges may be withdrawn.

The company can make the granting of special privileges dependent on the payment of additional fees.

Art. 40. Privileged dividends may not be more than two units over the average rate of discount of the Bank of Poland in force for inland bills during the preceding operating year of the company.

If the articles of association recognise the right of receiving privilege dividends remaining unpaid for previous years from the net profits of subsequent years, the maximum number of years for which such dividend can be paid shall be fixed by the articles; the number of years may not in any case exceed five.

Art. 41. It may be provided in the articles of association that the company may issue token shares of undetermined nominal value, in exchange for shares redeemed by drawings.

Token shares shall participate on an equal footing with unredeemed shares in the division of the surplus annual profits, after the payment of the dividend on the unredeemed shares, at a rate not exceeding two units above the average rate of discount of the Bank of Poland in force for inland bills during the preceding operating year of the company, as also in the distribution of any assets of the company remaining after the payment of the nominal value of the unredeemed shares.

Token shares shall moreover enjoy other rights appertaining to ordinary shares.

Art. 42. The company can issue registered founders' certificates for the purpose of renumerating services rendered to the company during its formation.

Founders' certificates may be issued for a maximum period of twenty five years from the date of registration of the company. These certificates shall confer the right of participation in the distribution of the net profits of the company within the limits fixed by the articles of association and after the deduction of he minimum dividend due to the shareholders as fixed by the articles. The rtte of such dividend shall be not be lower than the average discount rate of the Baank of Poland in force for inland bills during the preceding operating year of the company.

Art. 43. Each shareholder is liable to pay the full amount due for his shares.

Payments must be effected uniformly on all shares.

A shareholder may not deduct any amounts owing to him by the company from any payments due for shares.

Art. 44. The dates and amounts payable on shares shall be determined by the articles of association or by a general meeting.

The board of management shall cause publication of a notice of a call for payments to be made on at least two occasions.

The first notice of a call must be made thirty days and the second not later than fourteen days before the date on which payment is to be made.

Instead of being published calls for payments can be made by registered letters sent at the same intervals.

If a shareholder fails to pay in the amount due on or before the date specified, he shall be liable for the payment of interest for the period of the delay and possibly a fine, if such fine is provided for by the articles of association.

Art. 45. If a shareholder, on the expiry of thirty days from the date of payment has not paid the instalment due together with interest and the fixed fine, he may be deprived without formal notice of his rights by the cancellation of his shares, share certificates or interim certificates, but the company shall warn shareholders to this effect when calling for payments.

In such cases new share certificates or interim certificates shall be issued in the place of those cancelled.

The company shall give notice of any cancellation in consequence of non-payment of calls to the defaulting shareholder and those of his predecessors in title who have been entered in the transfer book during the preceding five years. Such notifications shall be sent to the addresses entered in the transfer book.

After announcing numbers of cancelled share certificates or interim certificates, new shares or interim certificates bearing the old numbers, shall be sold by the board of managment either on the stock exchange or by public auction.

The amount realised by the sale shall, after the payment of the costs of advertising and of sale, and of interest and fine, be used to cover the instalments in arrears; any residue shall then be returned to the defaulting shareholder.

Should the proceeds of the sale be insufficient to cover the amounts due, the deficiency shall be recoverable from the defaulting shareholder, his preedcessors in title and the subscriber jointly.

The predecessors and subscriber shall be liable only for five years from the date of transfer as entered in the transfer book.

The subscriber or the predecessor of the defaulting shareholder shall in the event of the deficit being recoverable be entitled to recover from his successor. No claims shall be enforceable after five years.

Art. 46. A fixed rate of interest cannot be guaranteed to shareholders; shares confer only the rights of participating in the annual profit as allocated for division by the general meeting.

The profits shall be apportioned on the basis of the nominal value of the shares; if the shares are not fully paid, the distribution shall be based on the amount paid up.

Art. 47. Payments made on account of shares are not returnable to the shareholders, except in such cases as are provided for in the present law.

When shareholders have, in contravention of the present law, received any payments of any kind, they shall be required to return such sums, and cannot be relieved of this liability. This shall not apply to shareholders who have received dividends in good faith.

No claims arising out of unlawful payments shall be enforceable after three years.

Art. 48. Recurrent non-pecuniary obligations may be attached to registered shares.

Such shares may be transferred only subject to the approval of the company. The company may not refuse permission except for important reasons, but shall not be obliged to name another purchaser.

If during the existence of a company it is desired to impose or increase obligations of this kind, the consent of all those shareholders upon whom such obligations are to be imposed will be necessary for the appropriate amendment to the articles of association.

The articles of association may envisage penalties for the non-fulfilment of recurrent non-pecuniary obligations.

Services rendered in fulfilment of such obligations may be paid for by the company even if the balance-sheet does not show a net profit, but the remuneration, however, cannot be higher than the usual market rates.

PART III.

Control of joint stock companies.

Section I.

General meeting,

Art. 49. The general meeting of shareholders is the supreme authority of a joint stock company.

General meetings may be either ordinary or extraordinary.

General meetings are called by the Board, they should take place in the place of domicile of the company should any other places within the boundaries of the State not be designated in the articles of association.

Art. 50. An ordinary general meeting should be held annually within four months of the expiry of the operating year.

The agenda of the ordinary general meeting shall comprise the following items:

1) the examination and the ratification of the report, balance-sheet, and profit and loss account for the preceding year;

2) the passing of a resolution dealing with the distribution of profits or the covering of losses;

3) the passing of a vote of confidence in the management of the company, with reference to the fulfilment of their duties.

Art. 51. An extraordinary general meeting shall be called in the cases prescribed by the present law or in the articles of association, or when the importance of the matter to be decided justifies it.

Art. 52. Unless otherwise determined in this law or in the articles of association, a resolution of a general meeting is required for:

1) the election or removal of the controlling authorities of the company, unless by the articles of association these rights are invested in some other authority;

2) the transfer or lease of the undertaking for a period exceeding one year;

3) the disposal of the factory premises belonging to the company;

4) the issue of debentures.

Art. 53. Agreements for the acquisition by the company of real property or of plant for permanent use, at a cost of over one fifth of the paid up capital and concluded within two years from the date of registration of the company, must be validitated by a resolution of a general meeting passed by a majority of two-thirds of the votes cast.

Such an agreement shall be submitted to the general meeting, together with a report of the board in accordance with the requirements of Art. 6 of the present law.

The report shall be examined according to the provisions of Art. 7 of the present law.

Art. 54. Shareholders, representing not less than one-tenth of the share capital, have the right to demand the calling of an extraordinary general meeting, as also of entering particular items on the agenda of the next general meeting.

For this purpose shareholders must submit written application to the board, indicating the actual motions which they desire to submit, and must at the same time furnish evidence of the possession of the required number of shares.

Applications for the insertion of particular motions on the agenda should be submitted not later than fourteen days before the date of the general meeting.

The aforesaid rights may be granted by the articles of association to shareholders representing less than one-tenth of the subscribed capital.

Art. 55. Should an extraordinary general meeting not be called within fourteen days of the receipt of the shareholders application, the registry court within whose jurisdiction the domicile of the company is situated, may, after summoning the board, authorise the shareholders concerned to call an extraordinary general meeting.

The registry court shall appoint the chairman of such a meeting.

The general meeting shall pass a resolution to determine whether the costs of the calling and holding the meeting are to be borne by the company.

The decision of the registry court shall be cited in advertisements and in notifications sent by registered letter advising shareholders of the calling of an extraordinary general meeting.

Art. 56. A general meeting shall be called by means of two notices. The first advertisement should be made at least twenty one days, and the second at least ten days, before the date of the meeting; in every case, however, after the expiry of the time-limit set for receiving notice of additional matters for the agenda.

The days on which the notices are published and the day on which the meeting is to be held, are not included in the above time-limits.

A shareholder who deposits at least one share with the company, may demand to be advised by registered letter of the date and agenda of the general meeting, and also of the resolutions passed. This advice shall be sent out simultaneously with the publication of the first notice.

Art. 57. The notices and advices shall state the day, hour and place at which the general meeting will take place and shall contain the detailed agenda. When it is proposed to amend the articles of association, the existing text of the articles must be given, as well as the text of the proposed amendments.

Moreover, attention must also be drawn to the right possessed by shareholders to add further items to the agenda; these items may be included in the second notice published.

No resolutions can be taken on items not included in the agenda. Exceptions to this may be made in the case of a proposal for the calling of an extraordinary general meeting or of a demand for an examination of the state of the affairs of the company or of other items of a routine character.

Matters not included in the agenda may be discussed and considered, but no resolutions may be passed upon them.

Art. 58. If the entire subscribed capital of the company is representet at a general meeting, the latter may take place without being formally called, provided that none of those present raise any objections either to the general meeting taking place, or to the inclusion of any particular item on the agenda.

Should no objections be raised, such a meeting may consider and decide upon any matter connected with the company.

Resolutions made at such meetings, with the exception of those which have to be entered in the commercial register, become invalid unless advertised in the „Monitor Polski" within fourteen days of their being made.

Art. 59. The owners of registered shares and of interim certificates are entitled to participate in general meetings provided that their names have been entered in the transfer book at least seven days before the date of the general meeting.

Bearer shares confer the right of participating in general meetings if they are deposited with the company at least seven days before the date of the general meeting and are left until after its termination.

Instead of shares, certificates may be deposited, attesting that the shares have been deposited with a notary public or in a Polish credit institution, or in a foreign credit institution approved by the Minister of Finance, and mentioned in the advertisements calling the general meeting. The certificate should specify the numbers of the shares deposited, and should declare that they will not be released before the termination of the general meeting.

Art. 60. A list of shareholders entitled to participate in the general meeting, signed by the board and giving the full name and surname of each shareholder, his address, the number, category and distinguishing numbers of the shares, as well as the number of votes possessed by him, shall be posted in the board room during three week days preceding the meeting.

Shareholders may examine this list in the board room and may on demand be furnished with a copy of it on payment of the cost of preparation.

Shareholders have the right to demand a copy of the motions on all matters on the agenda within the seven days preceding a general meeting.

Art. 61. Unless otherwise provided in the present law or in the articles of association, a general meeting shall be valid irrespective of the number of shares represented thereat.

Art. 62. Unless otherwise provided in the present law or in the articles of association, general meetings should be opened by the chairman of the supervising board or of the auditing committee or by their deputies, subsequent to which a chairman is elected from amongst those entitled to participate in the general meeting.

The chairman of a general meeting is not empowered on his own initiative, to remove any matter from the agenda, or to change the order in which the various motions are placed.

Art. 63. A list of those persons present at the general meeting showing the number of shares represented and the number of votes possessed by each and signed by the chairman of the meeting shall be prepared immediately after the election of the chairman, and submitted to the meeting.

On the motion of shareholders holding collectively at least one-tenth of the subscribed capital represented at the general meeting the list of those present shall be verified by a committee, elected for this purpose and consisting of not less than three persons. Those making the demand for verification shall have the right of appointing one member of this committee.

Art 64. One ordinary share entitles the holder to one vote at a general meeting. The articles of association may limit the number of votes to which shareholders holding a larger number of shares are entitled.

Art. 65. Shareholders may participate in a general meeting either in person or by proxy. The proxy may be only in writing and must be deposited with the board or the chairman of the general meeting and attached to the minutes.

Neither members of the board of management nor employees of the company may act as proxies at general meetings.

Art. 66. Joint owners of shares may exercise their voting right at a general meeting either through one of their number or through a joint proxy. Legal entities, also minors and persons deprived of liberty may participate in a general meeting through their legal representatives.

Art. 67. Shareholders may not vote, either in person or through proxies or as the proxies of other parties in the passing of resolutions calling them to account for actions arising out of their conduct as a member of the board or the supervisory committee, or the granting of remuneration tc them, or regarding agreements or disputes between them and the company.

Art. 68. The resolutions of a general meeting shall be passed by a majority of the votes cast.

Resolutions in respect of changes of the articles of association, the issue of debentures, the increase or reduction of the share capital, fusion of companies, winding up and liquidation of the company, or disposal of the undertaking, require a majority of at least three-quarters of the votes cast.

The articles of association may prescribe more stringent rules for the passing of resolutions.

Art. 69. Resolutions in respect of changes of the object of the company's enterprise shall require a majority of two-thirds of the votes cast.

In such a case, every share shall be entitled to one vote, without any privileges or restrictions.

Such a resolution shall be carried only by open and personal ballot, and shall be advertised in the "Monitor Polski" within five days of its being passed, under penalty of nullity.

The effectiveness of the resolution shall depend upon the buying out of the shares of those shareholders who do not agree to the change. Those shareholders who were present at the meeting and who voted against the resolution should within the two days from the date of the meeting, and those who were absent, within the course of thirty days from the date of the publication of the resolution in the "Monitor Polski", deposit with the company their shares or a declaration placing their shares at the company's disposal: failing this, such shareholders shall be deemed to have approved the change.

The purchase of such shares shall take place on the basis of the average stock exchange quotations for the three months preceding the passing of the resolution, or if the shares are not quoted on the exchange, at a price which

shall be fixed by an arbitration committee consisting of three persons nominated by the registry court.

The persons intending to purchase such shares, shall deposit the whole purchase price with the company until the purchase is effected, the board shall not have to pay out these sums.

The purchase of the shares shall take place within three months from the date of the passsing of the resolution and shall be carried out through the board of the company.

The same regulations shall also apply in the event of the main establishment of the company being transferred to a point outside the frontiers of the State.

The articles of association can permit the change of the object of the undertaking or the transfer of the main establishment to beyond the frontiers of the State, without necessitating the purchase of shares provided that the resolution is passed by a two-thirds majority in the presence of parties representing not less than one-half of the share capital.

Art. 70. The seat of the company's registered offices may not be transferred outside the frontiers of the State.

Art. 71. If there are categories of shares possessing different rights, resolutions for amendment of the articles of association tending to impair the rights of various types of shares, shall be carried by a separate vote for each category of share. In every group the resolution shall be carried by the same majority of votes given as would be required for the validity of such resolutions at the general meeting.

Art. 72. A secret vote shall be employed in the election or resolution for the dismissal of members of the governing authorities of the company, or its liquidators, when calling them to account, as in all personal matters, and, in addition, whenever one of those present demands a secret vote.

The articles of association may prescribe other cases in which a secret vote shall be taken.

Art. 73. The resolutions of a general meeting shall under pain of nullity be embodied in a minute and in the form of a notarial deed.

The minutes shall certify that the general meeting was legally called, that it was competent to pass resolutions and state the number of votes given in favour of each resolution, its text and the opposition encountered.

Appropriate documentary proofs and a list of those present signed by the participants in the meeting, shall be annexed to the minutes.

Art. 74. A resolution passed by a general meeting contrary to the law or to the articles of association, may be contested by an action against the company for the annulment of such a resolution.

Such an action may be brought by:

1) the board of the company, the supervising council, the auditing committee or any member of these bodies;

2) any shareholder who was present at the general meeting and who voted against the resolution, and who, after its being passed required his opposition to be entered in the minutes;

3) any shareholder who was improperly excluded from the meeting;

4) any other shareholders who were not present at the general meeting

solely as a result of illegal calling of the meeting, or if resolutions were passed on matters not included in the agenda.

An action for annulment must be brought within thirty days, except in the case foresseen in point 4, where the term is one year from the date on which the resolution was passed.

The case should be tried by the district court within whose jurisdiction domicile of the company is situated, and which is empowered to decide commercial actions.

Art. 75. If the action is brought up by the board of the company in conjunction with the supervising council or the auditing committee, the company shall be represented by a curator nominated by the registry court.

The general meeting may, however, subsequently elect a representative in the place of the curator.

Art. 76. A resolution passed by a general meeting which is contrary to accepted commercial ethics, can be contested by a shareholder even when it is formally in concordance with the tenets of the law and of the articles of association even if it lies in the interests of the company or is detrimental to the interests of a shareholder.

Such actions shall be subject to the statute of limitations after the expiry of one year.

Art. 77. A court decision annuling the resolution of a general meeting is binding in relation between the company and all its shareholders.

Section II.

The board.

Art. 78. The board may consist of one or more members, elected by a general meeting from among the shareholders or from outside parties.

The articles of association may prescribe any other mode of appointing the board.

The board shall represent the company in courts of law and elsewhere.

Art. 79. The members of the first board may be elected for a maximum period of two years, and members of subsequent boards for a maximum period of three years.

Within these limits the articles of association may prescribe renewal of the board in the following manner, a certain number of members of the board shall resign successively either by lot or according to seniority of election.

The mandates of members of the board shall expire on the day of the general meeting at which the report, balance sheet and profit and loss account for the last year of their tenure of office are confirmed.

Resigning members can be re-elected unless otherwise prescribed by the articles of association.

Art. 80. Members of the board may be dismissed at any time, without prejudice, however, to their claims for payment of damages arising out of their contract for employment.

Art. 81. In regard to third parties no limitations of powers of the board as representing the company are valid; with the exception of the matters referred to in Art. 52, points 2, 3 and 4, which require resolutions passed by a general meeting.

On the other hand, in their relations to the company members of the board are subject to the limitations imposed by the present law, by the articles of association or by resolutions of a general meeting.

Art. 82. If the board of a company is composed of several persons, communications and signature of documents in the name of the company, shall, in the absence of regulations to the contrary in the articles of association, be executed jointly by two members of the board.

On the other hand reports addressed to the company and the delivery of such documents can be executed by one member of the board of management.

The articles of association may also authorise the representing of the company by one member of the board acting jointly with the holder of a power of attorney.

Art. 83. The signature of the company shall be executed by the authorised signatories signing their names below the written, printed or stamped title of the company.

Art. 84. Resolutions passed by the board shall be recorded in the form of minutes. In addition the minutes shall cite the agenda, the names and surnames of the members of the board who were present, the number of votes cast for the various resolutions as also the dissenting opinions.

The minutes shall be signed by those present. The minute book shall be checked and certified by the registry court.

Art. 85. Members of the board shall not be concerned in the interests, of a competitive enterprise or take part in the control without the permission of a general meeting.

The articles of association can vest the right of granting such permission with the supervising council.

Art. 86. In the event of the interests of the company conflicting with the personal affairs of a member of the board, his wife, relatives or relations up to the second degree, such member of the board shall refrain from taking part in the decision of the matters in question, and shall demand that a note of this be made in the minutes.

Agreements between the company and members of the board shall be concluded by the supervising council, or in its absence by persons authorised and chosen for this purpose by a general meeting.

Art. 87. The number of members of the board, their appointment and dismissal, and changes in the manner of its representing the company, shall be notified for entry in the commercial register.

Such notification shall have appended a certified copy of the document whereby the appointment, dismissal or change was affected.

Members of the board shall file their certified signatures with the commercial register.

Art. 88. The members of the board of management shall, at the request of the supervising council or the auditing committee, participate in their meetings, without, however, having the right to vote.

SECTION III.

Supervision.

Art. 89. Every Joint Stock Company shall present annually its balance-sheet, profit and loss accounts and also the report of the board, for the examination of expert auditors, not only in respect of their agreement with the books and documents, but also with the actual state of the company's estate and affairs. The expert auditors shall be appointed by the registry court.

The qualifications, rights and duties of expert auditors shall be defined by a decree of the Ministry of Industry and Commerce.

Art. 90. A joint stock company must have either a supervising council or an auditing committee, or both, if so provided in the articles of association.

A joint stock company with a capital of over five million złotys must have a supervising council.

Shareholders possessing at least a fifth part of the share capital, may require the appointment of a supervising council in addition to the auditing committee, or of an auditing committee in addition to the supervising council.

If as a result of such a motion, a resolution is not passed at the next general meeting, which will change the articles of association so as to introduce the body demanded, and provided that the motion of the minority is supported by at least one-fifth of the share capital, the minority motion shall thereupon become binding on the whole company, and the necessary alterations shall be made in the articles of association, and the motion shall be entered in the commercial register.

Art. 91. The supervising coucil shall consist of at least five members, elected by a general meeting by a simple majority of the votes cast.

The articles of association may prescribe other methods for the appointment of a supervising council.

Upon the motion of shareholders, representing at least one-fifth of the share capital, the election of a supervising council shall be effected at the next general meeting, by means of polls of separate groups, even if the articles of association foresee another manner of appointing a supervising council except in cases where even one of the members is nominated by the State or by a local government authority.

Persons representing at a general meeting the proportion of shares resulting from the division of the total number of shares by the number of members of the council may form a separate group for the purpose of electing a member of the council, but shall not, thereafter, take part in the election of the remaining members. The various groups of the minority may unite for the purpose of electing a member.

In the event of an election by groups being demanded, the mandates of all the members of the supervising council, irrespective of the term for which they were elected, shall expire at the meeting at which the election by groups is to take place.

Art. 92. The auditing committee shall consist of five members chosen at a general meeting by a simple majority of the votes cast.

Shareholders, having, at least a one-fifth share of the votes at the general meeting, may demand that the auditing committee be elected by groups,

and with this object in view may form a separate group for the purpose of electing one member of the committee, but shall not thereafter take part in the election of the remaining members. The various groups of the minority may unite for the purpose of electing a member.

In the event of an election by groups being demanded, the mandates of all the members of the auditing committee, irrespective of the term for which were elected, shall expire at the meeting at which the election by groups is to take place.

Art. 93. Members of the board, liquidators and employees of the company, may not at the same time be members of the supervising council or of the auditing committee.

Art. 94. Members of the first supervising council or auditing committee may be appointed for a maximum term of one year, and those of subsuquent supervisings council and auditing committees for a maximum term of three years.

Within these limits the articles of association may prescribe a partial renewal of the supervising council or the auditing committee in the following manner: a certain number of members of the council or of the committee shall resign successively either by lot or according to seniority of election.

The mandates of members expire at the general meeting at which the report, balance-sheet and profits and loss account for the last year of the execution of their duties are confirmed.

Resigning members may be re-elected unless otherwise prescribed by the articles of association.

Art. 95. The supervising council is bound to exercise a continuous supervision over the conduct of the company's affairs in all the branches of the undertaking.

The supervising council shall in particular examine the report, balance-sheet and profit and loss account, both as regards their agreement with the books and documents, and with the actual position of the undertaking, but shall also examine motions for the division of profits or for the meeting of losses.

In order to execute the aforesaid duties the supervising council may be empowered to examine any section of the company's undertaking, to demand reports and explanations from the board and from employees, to conduct audits of the estate, and to examine books and documents.

Art. 96. The supervising council is also authorised:

1) to represent the company in actions against members of the board and in the signing of agreements between the company and members of the board, provided that other representatives are not nominated by the general meeting;

2) to suspend from duty any or all the members of the board for good and sufficient reasons;

3) to delegate members of the supervising council to temporarily carry on the functions of members of the board who are incapable of performing their duties;

4) to call a general meeting when it deems this advisable, or when the board fails to do this in cases prescribed by the present law or by the articles of association.

In the event of a member of the board being suspended or being permanently incapable of performing his duties, the supervising council shall forthwith take the necessary steps to fill the vacancy or vacancies on the board.

The articles of association may attribute other duties to the supervising council, and may in particular prescribe that in certain more important matters, enumerated in the articles, the board shall not be empowered to act without the concurrence of supervising council.

Art. 97. The auditing committee is authorised to examine the report, balance-sheet, and profit and loss account for the past year, and the motions of the board in respect of the division of profits or the meeting of losses in the same manner and subject to the same limits as the supervising council in performing these duties.

On the completion of its examination the auditing committee shall submit a detailed written report of its findings to the general meeting.

The auditing committee shall have the right to call a general meeting, if the board has not complied with its wishes in this respect within fourteen days.

The articles of association may provide for the extension of the duties of the auditing committee to a continuous control over the conduct of the company's affairs during the operating year.

Art. 98. The supervising council or the auditing committee shall perform its functions collectively, but may nevertheless delegate the carrying out of detailed supervisory activities to individual members.

If the supervising council was elected by a group election each group shall have the right to delegate one member for the performance of individual supervising functions. Such members shall be entiled to participate in board meetings with an advisory voice. The board shall be bound to give them previous notice of each meeting.

Such members shall likewise be subject to the provisions of article 85. regarding competitive undertakings.

Members of the supervising council, delegated for permanent individual supervision, shall receive a special remuneration, the amount of which will be fixed by the general meeting.

Art. 99. The resolutions of the supervising council and of the auditing committee shall be valid, provided that they were passed by a majority vote of those present and provided that all the members were invited by letters sent out at least three days before the date of the meeting and containing the agenda.

The minutes of the board apply also to provisions relative to those of the supervising council and the auditing committee.

PART IV.

Joint Stock Company Accounts.

Art. 100. The members of the board shall be responsible for the correct keeping of the company's books and accounts.

Art. 101. Unless the articles of association state otherwise, the operating year shall coincide with the calendar year.

Art. 102. The board shall within two months following the close of the operating year prepare and present for the examination of the supervisory authority a balance-sheet as on the last day of the operating year (day of balance), a profit and loss account, and also an exact report in writing covering the activities of the company during the past year.

A refusal on the part of any members of the board to sign the statement of accounts or the report shall be duly recorded.

If the company commenced its activities in the second half of the operating year, the accounts and report for that period may be combined with the accounts for the year following.

Art. 103. Copies of the report of the board together with the balance-sheet, the profit and loss account, and a copy of the reports of the supervising council and of the auditing committee, together with the findings of the expert auditors, shall be issued to the shareholders on demand within fourteen days before the general meeting.

Art. 104. In preparing the balance-sheet of a joint stock company the following principles shall be observed:

1) the share capital, reserve capital, and all other reserve funds must be shown as liabilities;

2) costs of promotion or subsequent extension of the undertaking may be written off in five years provided that this is plainly shown in the balance-sheets;

3) costs of administration must be charged in full in the year's accounts;

4) profits or losses must be shown as separate items in the balance-sheet;

5) debentures issued by the company must be shown in the balance-sheet at their nominal value; the difference between the price obtained from issue at a discount and the nominal value may be shown in the assets on condition that arrangments have been made to write it off by annual instalments not extending beyond the repayment date of the debentures; any premium above the nominal value of debentures which is paid on their redemption must either be deducted from the profits of the year during which the debentures are paid off or from the special reserves;

6) guarantees and mortgage obligations in favour of particular creditors shall be shown in a supplement to the balance-sheet, the sum total of each kind of obligation being shown separately.

7) liquid assets, short-term and long-term obligations must be shown as separate items in the balance-sheets;

Art. 105. Land, buildings, machinery, means of transport, tools, fittings, rights, concessions, patents, licences and other similar assets destined for continued use, should be entered on the balance-sheet at cost price or at the cost of production.

Depreciation corresponding to the diminution in value of such assets should be written off each year.

Increases in the value of the property mentioned in the first paragraph may be shown in the balance-sheet only as a result of a new appraisal by

a valution committee, the constitution and procedure of which will be fixed by a decree of the Minister of Industry and Commerce.

Art. 106. Raw materials and stocks of goods or other property, being the stock in trade of the company shall be included in the balance-sheet at actual cost prices, or at market prices, at the date of the balance-sheet, whichever is the lower.

Art. 107. Securities and foreign currency, if quoted on the Stock Exchange, shall be shown in the balance-sheet at the cost or at the average Stock Exchange quotation during the month preceding date of the balance-sheet, whichever is the lower; securities and foreign currency which are not so quoted, shall be shown at cost.

Art. 108. Debts recoverable in foreign currency shall be calculated according to the average quotations noted on the Exchange during the month preceeding the date of the balance-sheet, and debts payable in in foreign currency shall likewise be calculated according to the average quotation arrived at in the same manner.

Art. 109. In order to cover losses on the balance-sheet a reserve fund shall be formed, to which shall be added at least eight per cent of the annual net profits, until such time as that fund shall amount to at least one-third of the share capital.

Sums accruing from the issue of shares at a premium and remaining after the payment of the costs of the issue shall be transferred to the reserve fund.

The reserve fund shall also receive any sums paid by shareholders in consideration of the attachment of special privileges to their shares unaccompanied by an increase in the share capital, provided such charges are not to be used for the covering of extraordinary losses or sums written off.

The articles of association may provide for the creation of other reserve funds for the covering of various losses or expenditure.

The general meeting shall decide when the reserve funds are to be used, but nevertheless only parts of the reserve capital not exceeding a one-third part of the share capital can be utilised for the covering of balance-sheet losses.

Art. 110. The board of the company shall publish the balance-sheet and the profit and loss account, within the course of fourteen days following their acceptance by the general meeting.

The board shall within the same period deposit with the court of registry and the Ministry of Industry and Commerce the published balance-sheet, profit and loss account, reports and the minutes of the general meeting.

Art. 111. The remuneration of members of the supervising council and of the auditing committee in the shape of a share in the profits of the company, shall require a resolution of the general meeting after the deductions foreseen by the law and by the articles of association have been effected, and the dividend fixed.

Art. 112. Should the balance-sheet of the company exhibit losses exceeding the total of the reserve funds and one-third of the share capital combined, the board shall be bound to convoke a general meeting without delay in order to pass a resolution regarding the continuance or the liquidation of the company.

PART V.

Changes in the articles of association. Increase or decrease of the share capital.

Art. 113. A change in the articles of association may be made solely by a resolution passed by a general meeting.

No amendment in the articles of association shall be binding until it is registered.

Art. 114. A company may augment its share capital by issuing new shares.

A new issue may be floated only after the existing share capital has been fully paid. This provision shall neither apply to insurance companies nor to amalgamations (fusions of companies).

Art. 115. An increase of the share capital may be effected only by virtue of a resolution passed by a general meeting amending the appropriate articles.

A resolution for the increase of the share capital shall prescribe:

1) the amount by which the share capital is to be increased;

2) whether the shares of the new issue are to be in bearer or in registered form;

3) what special privileges are attached to shares of the new issue;

4) the issue price of the new shares, either as a fixed price or as a minimum sum, if the board or the supervising council are authorised by the general meeting to fix the issue price;

5) any conditions excluding holders of existing shares from suscribing to the new issue;

6) the dates of the opening and closing of the subscription, unless the board of the supervising council are authorised by the general meeting to fix the dates.

If the company has a reserve capital or reserve funds, the issue price of the shares must be above their nominal value. The premium must be at least equal to that proportion of the reserve capital and reserve funds falling to each existing share according to the last balance-sheet.

Art. 116. The right to subscribe to shares of the new issue belongs in the first place to existing shareholders in proportion to the number and categories of the shares they hold. The general meeting may in the interests of the company partially or entirely exclude existing shareholders from the right of subscribing for shares of the new issue. Such a resolution of a general meeting shall be passed by a majority of at least four-fifths of the votes cast, and must state detailed reasons for the action taken.

The elimination of existing shareholders from the right of subscribing to the new shares may occur only if the matter has been clearly entered in the agenda of the general meeting.

Art. 117. If the shares of the new issue are to be given for necessary consideration, the special regulations for such issues foreseen at the time of the formation of the company shall apply.

The declaration shall be made by the members of the board.

Art. 118. Where shareholders have the right to subscribe to shares; the board shall offer them by means of three insertions of a notice at intervals of not less than a week.

These notices shall state:

1) the date on which the resolution to increase the share capital was passed;

2) the amount by which the share capital is to be increased;

3) the number, category and nominal value of the shares offered for subscription;

4) the issue price of the new shares;

5) the basis of the allotment of the new shares to existing shareholders;

6) the places, amounts and due dates of payments to be made on new shares, together with a statement of the consequences of not taking advantage of the right of subscription, or of not making the necessary payments;

7) the period during which a subscriber to shares shall be bound by his application, provided that the new issue shall not have presented for registration within that period;

8) the period during which shareholders may exercise their right of subscription. This period must be at least twenty one days from the date of the last notice.

Art. 119. If the old shareholders have not exercised the right to subscribe to the new shares within the first period, a further period of at least two weeks shall be fixed without delay in order to enable all former shareholders to take up the remaining shares. A single notice shall be given of each further period. The supplementary allotment of shares shall be in proportion to the applications received.

Any shares not taken up may be disposed of by the board at its discretion, but not at less than the issue price.

Art. 120. The same regulations shall be applied with regard to public subscriptions to shares of new issues as are applied in the case of the formation of the company, with the exception, however, of those regulations in respect of founders' guarantee and the obligation to deposit all sums paid in with banking institutions.

Art. 121. The executed augmentation of the share capital and the change in the articles of association shall be notified by the members of the board to the commercial registry for entry and publication.

The notifications shall be accompanied by originals or certified copies of:

1) a notarially certified copy of the resolution to increase the share capital;

2) the prospectus and a specimen of the form of application if the increase of capital has been effected by means of a public subscription;

3) a list of subscribers showing the numbers of shares alloted to each of them, and the amounts of the payments received;

4) the agreements in respect of non-pecuniary considerations;

5) a statement of the costs incurred in connection with the new issue;

6) documentary proof of the approval of the changes in the articles of association by the competent authorities, if such approval is required;

7) a certificate by the board to the effect that the prescribed payments for the shares have been paid in and that the transfer of the non-pecuniary considerations to the company has been assured simultaneously with the registration of the share capital increase.

In addition, in those cases foreseen by the present law, the report of the board and the findings of the expert auditors shall also be annexed.

The Court shall file in its archives all the annexes accompanying the notifikation.

Art. 122. A reduction of the share capital may be effected by a resolution passed by a general meeting amending the relative articles of association, provided that the safeguards for creditors prescribed in the event of liquidation are applied.

Creditors who fail to appear shall be deemed to have acquiesced to the reduction of the share capital.

The share capital may be reduced either by decreasing the nominal value of the shares or by cancelling a portion of the shares.

The regulations in respect of the minimum share capital and the minimum nominal value of shares must be observed when the share capital is reduced. If, as a result of the reduction the nominal value of the shares is reduced to below the legal minimum, a suitable amalgamation of shares must be arranged.

Art. 123. If as a result of a reduction of the share capital it becomes necessary to exchange or to stamp old shares, the board shall publish notice to this effect and summon the shareholders to lodge their share certificates for that purpose.

Art. 124. The members of the board shall apply to the commercial register for the effecting of a reduction of capital, and the amendments in the articles of association to be entered in the register.

This application shall be accompanied by:

1) documentary proof of the proper summoning of creditors;

2) a certificate signed by the members of the board to the effect that the creditors who appeared have been satisfied or given due security;

3) proof of the approval of the amendment of the articles of association by the appropriate authorities, when such approval is required.

Art. 125. The foregoing provisions regarding the reduction of share capital shall be applicable in cases where the company cancels shares out of net profits without reducing the share capital.

Such cancellation of shares shall take place by means of drawings or by purchase of shares and shall be in accordance with the articles of association.

Art. 126. The company may not on its own account acquire its own shares or accept them as security for loans save where they are taken in execution for the satisfaction of the company's claims; or for cancellation or for the facilitating of the amalgamation of companies in accordance with art. 143.

Should the shares acquired in the above manner not be disposed of within one year from the date of acquisition, they shall be cancelled by the reduction of the share capital.

The company's own shares, held by it shall be separately shown in the balance-sheet.

Art. 127. After an increase or a reduction of share capital has been registered, the board shall within the period of fourteen days lodge with the Ministry of Industry and Commerce copies of the minutes of the general meeting and of the appropriate entries in the commercial register.

PART VI.

Dissolution and Liquidation of Joint Stock Companies.

Art. 128. The liquidation of a joint stock company shall result from:
1) reasons enumerated in the articles of association;
2) a resolution of a general meeting;
3) the failure (bankruptcy) of then company.

In the event of a company being wound up for other reasons, the provisions of this part shall also apply.

Art. 129. The company shall be dissolved after the liquidation is completed.

The board shall give notice of the commencement of liquidation for entry in the commercial register; when the commencement of a liquidation has been registered, the liquidators shall publish three separate notices to that effect in which creditors are invited to lodge their claims within a period of one year from the date of the final notice.

The notices shall be given at intervals not longer than one month nor less than two weeks.

Art. 130. The company shall continue to remain a legal entity during the period of liquidation. The liquidation shall be carried out in the name of the company with the addition of the words „in liquidation".

Except where the present law otherwise provides, the provisions regarding the governing bodies of the company and the rights and duties of shareholders, and the other provisions of the present law shall apply in so far as they further the liquidation.

No dividend shall be paid to shareholders during a liquidation until all obligations have been paid off.

Art. 131. The liquidation shall be conducted by the board of the company unless other liquidators are appointed under the articles of association or by a general meeting.

The court of registry shall be empowered to nominate one or two additional liquidators upon a motion of shareholders representing at least a one-tenth part of the share capital.

For good and sufficient reasons, and on the motion of interested persons, the court of registry may dismiss the liquidators appointed under the articles of association or at a general meeting and may nominate others.

Liquidators can be dismissed by the same authority which appointed them.

The court shall fix the remuneration of liquidators nominated by it.

The board shall notify the appointement of the first liquidators, for entry in the commercial register; the liquidators themselves shall give notice of the appointment of their successors; where liquidators are nominated by the court of registry, the entry in the register will be made by the court itself.

Art. 132. Liquidators, in respect of their prerogatives and duties, shall be subject to the regulations applicable to the board but they shall not be forbidden to work for competitive undertakings.

Art. 133. Upon commencing their duties the liquidators shall in conjunction with the retiring members of the board, prepare a balance-sheet as on the day of the commencement of the liquidation. This balance-sheet shall be submitted by the liquidators to an extraordinary general meeting

for confirmation and, after its publication, shall be lodged with the court of registry and the Ministry of Industry and Commerce.

Liquidators shall annually or at shorter intervals, as determined by a general meeting, submit a report and a balance-sheet for such period to a general meeting.

The liquidation balance-sheet shall include all items at their disposal value.

Art. 134. The liquidators shall wind up the current business of a company, collect amounts due, pay off its obligations and realise its assets for cash; they may be empowered to enter into new business only in so far as is essential for the closing of earlier transactions.

Real estate may be disposed of by public auction or in the open market, but in the latter case only in pursuance of a resolution passed by a general meeting and at a price not below that fixed by the general meeting.

Art. 135. If the share capital is not fully paid off, and the property of the company is not sufficient to cover its obligations, the liquidators shall collect from each shareholder, beginning with those whose shares are not privileged in the distribution of the company's assets, further payments within the limits of liability foresen by the articles of association and sufficient to satisfy outstanding debts and obligations.

Art. 136. If the property of a company does not suffice to repay the sums received in respect of shares privileged to participate in the division of a company's estate, and the ordinary shares are not fully paid, proportionate supplementary payments shall be collected from the ordinary shareholders within the limits provided by the articles of association.

Art. 137. The sums required for the satisfaction or securing of creditors known to the company but who have failed to lodge the claims or whose claims are not payable or are disputed, shall be placed on deposit with the court.

Art. 138. The distribution amongst the shareholders of the property left after the creditors have been satisfied or provided for, shall not be begun until after one year has elapsed from the date of the third notice announcing the opening of the liquidation and summoning creditors to appear.

The property shall be divided among the shareholders in proportion to the contributions to the share capital made by each.

When the privileged shares enjoy priority for the distribution of assets, the holders shall first be paid up proportionately to the amounts paid in by each, and then ordinary shareholders in the same manner. Any residue arising out of the estate shall be divided up among the whole of the shares equally.

The articles of association may provide any other basis for the division of the property of the company.

Art. 139. Creditors of a company who have failed to lodge their claims within the proper 12-months period and who are not known to the company, may demand the satisfaction of their claims from such of the assets of the company as have not been paid out to shareholders.

Shareholders who, after the expiry of the said period of one year, have in good faith accepted payment of the portion of the company's estate due to them, shall not be liable to return any part thereof for the satisfaction of such creditors.

Art. 140. Upon the completion of the liquidation, and after the final accounts have been confirmed and adopted by a general meeting the liquidators' report shall be published and lodged with the court of registry, together with an application for the removal of the company's name from the commercial register.

The liquidators' report shall also be deposited with the Ministry of Industry and Commerce.

The books, records and documents of the company shall be deposited for ten years at a place to be indicated by the court of registry.

Upon authority being given by the court of registry, shareholders and creditors may examine the books, records and documents, and may make copies and extracts thereof.

Art. 141. In the event of bankruptcy, the dissolution of the company shall take place only after the conclusion of the bankruptcy proceedings.

The company shall not, however, be dissolved if the bankruptcy proceedings are ended by a compulsory agreement (arrangement), or if they have been adjourned or dismissed for other reasons.

PART VII.

Amalgamation of Joint Stock Companies.

Art. 142. The amalgamation of joint stock companies may be effected:

1) by the transfer of the whole of the property of one company (absorbed) to another (absorbing) in exchange for shares in the absorbing company issued by it to the shareholders of the absorbed company;

2) by the formation of a new joint stock company, to which shall be transferred the property of all the amalgamating companies in exchange for shares in the new company.

Art. 143. In the case of amalgamation of companies by the transfer of their entire property to another company, resolutions shall be passed by a general meeting of each company determining in detail the conditions of amalgamation.

In particular such resolutions shall specify:

1) the amount by which the share capital of the absorbing company is to be augmented as a result of the amalgamation;

2) the number and category of shares which the absorbing company will allot to the shareholders of the absorbed company in exchange for its property;

3) the manner of and term for the allotment of shares;

4) the additional payment on shares issued by the absorbing company;

5) the dates of the balance-sheet serving as a basis for the amalgamation;

6) the dates from which the new shares will participate in dividends;

7) the term within which application is to be made for the registration of the amalgamation.

The amalgamation shall be conducted without an increase in the share capital if the absorbing company holds shares of the absorbed company or shares of its own acquired in conformity with the provisions of the present

law. The absorbing company may, for the purpose of issuing shares to the shareholders of the absorbed company, acquire its own shares to an amount not exceeding one tenth of the share capital.

Cash premiums on the shares of the absorbed company may not exceed one-tenth of the nominal value of the shares handed over.

Art. 144. The board shall bring the amalgamation to the notice of the commercial registry offices of each of the amalgamating companies.

The notification shall be accompanied by minutes of resolutions of general meetings relating to the amalgamation (fusion).

The entry regarding the dissolution of the absorbed company and its removal from the commercial register may be made only when the increase of the share capital of the absorbing company has been registered, provided such increase is necessary.

When the entries have been made, the absorbing company shall enter into all the rights and obligations of the absorbed company.

The transfer of any mortgage rights of the absorbed company in favour of the absorbing company shall be effected on the request of the board of the absorbing company alone.

Art. 145. The board of the absorbing company shall, during a period fixed by it, publish three times in the journals appointed for the announcements of the companies being amalgamated, a scheme for the amalgamation of the properties of the amalgamated companies.

Art. 146. The property of each of the amalgamated companies shall be separately administered by the absorbing company until the satisfaction or providing for all creditors whose claims arose before the amalgamation, and who within one year of the publication of the last announcement of the scheme for amalgamating the properties, will have made written application for payment.

Art. 147. During the period of separate administration of properties, the creditors of each company shall have priority of claim over the creditors of the other company upon the property of their former debtors.

Art. 148. Where companies are amalgamated by the formation of a new company, the articles of association of the new company shall be passed by general meeting of the amalgamating companies.

The entry of the new company in the commercial register shall be made at the same time as those regarding the dissolution of the absorbed companies and shall be based upon the record of the preliminary proceedings in connection with absorbed company and of the resolutions of the general meeting of the absorbed companies.

All the remaining provisions of this part relative to the amalgamation (fusion) of share companies shall then be applicable.

PART VIII.

Civil and Penal Responsability.

Art. 149. Any person participating in the formation of a joint stock company, who wilfully or through negligence fails to observe the tenets of the law and so commits damage to the company, shall be liable to make restitution thereof.

In particular any person shall be so liable, who wilfully or negligently.

1) includes or takes part in including in the articles of association, reports, findings, notices and registry entries any false particulars or promulgates such false particulars in any other manner, or who omits or takes part in omitting from such documents particulars of a material character having regard to the formation of a company, more particularly information regarding non-pecuniary considerations, the acquisition of goods and rights to property, or the granting to shareholders or other person remuneration or special advantages;

2) takes part in procuring the registration of a company on the basis of a document containing false statements.

Art. 150. Any person who, in connection with the formation of a joint stock company or the increase of its share capital, reserves or allocates to himself or to a third party, a payment unreasonably in excess of the real value of non-pecuniary considerations or goods or rights to property acquired, or remuneration or special privileges not comensurate with the services rendered and is aware or in a position to be made aware by the reports of competent persons that the company may thereby suffer losses, shall be liable to make restitution of such losses.

Art. 151. Any person who while carrying out an audit knowingly or negligently permits losses to be caused to the company, shall be liable to make restitution of such losses.

Art. 152. Any person, being a member of the executive or supervisory authorities or a liquidator of a company, who knowingly or negligently in the exercise of his duties, or through neglect thereof, causes or permits losses to be suffered by the company, shall be liable to make restitution of such losses.

Art. 153. Any person who takes part in the issue by a company, either directly or through third parties, of shares, debentures or other securities entitling to participation in the profits or in the division of the assets of the company, shall be liable to make restitution of any loss due to his wilfully or negligently including in any notices or in registry entries, any false particulars or in promulgating such information or to his concealing material information on presenting statements regarding the position of the company.

Art. 154. In the event of the losses mentioned in the foregoing articles having been caused by two or more persons jointly, they shall be liable severally and collectively in respect thereof.

Art. 155. A company may take proceedings for the recovery of damages.

If a company has not taken proceedings for recovery of damages within one year from the disclosure of the reason for the loss, or within one year of the commencement of criminal proceedings against the person guilty of causing the loss, any shareholder or holder of other security entitling him to participate in the profits or in the distribution of the assets of the company, may take procedeings against the guilty party to compel payment of damages to the company.

If, however, a general meeting of shareholders resolves to abstain from commencing or from carrying on proceedings for damages, no shareholder or holders of other security entitling him to participate in the profits or in

the distribution of assets of the company shall have the right to such proceedings, unless he can prove that he did not take part in the general meeting or that he voted against the resolution.

Art. 156. In the event of the bankruptcy of a company, those persons liable to make restitution of losses may not be empowered to cite in defence resolutions of a general meeting giving them votes of confidence, nor cite any abandonment whatsoever of rights to claim compensation.

Art. 157. Claims for damage shall lapse after the expiration of five years from the date of the commission of the act which led to the loss; where such an act is subject to criminal proceedings they may be taken after a longer period of time, simultaneously with the expiration of such longer period.

Art. 158. In actions for recovery of damages the competent court is that within whose jurisdiction the domicile of the company is situated.

Art. 159. The provisions of the preceding articles shall in no way prejudice the right of shareholders or third parties to claim damages for losses caused to them directly.

Art. 160. Any person taking part in the promotion of a joint stock company who, by failing to observe the provisions of the law, knowingly causes damage to the company or knowingly endangers the company's property, shall be liable to imprisonment not exceeding two years and to a fine not exceeding zł 50, 000.

Art. 161. Any member of a governing body of a company, or a liquidator, who, by failing to observe the provisions of the law or the articles of association, knowingly causes damage to the company or knowingly endangers the company's property, shall be liable to imprisonment not exceeding two years and a fine not exceeding zł 50, 000.

Art. 162. Any person who, in the execution of the functions refered to in the present law, knowingly publishes incorrect particulars or submits such particulars to the governing bodies of a joint stock company, to the registry court, or to a duly appointed auditor shall be liable to imprisonment not exceeding two years and a fine not exceeding zł 50, 000.

Art. 163. Any person who, for the purpose of unlawfully voting at a general meeting of shareholders, or unlawfully exercising the rights of a minority:

1) issues forged certificates regarding the deposit of shares entitling him to vote;

2) assigns to another person shares which under the provisions of the present law, do not entitle the holders to vote, shall be liable to imprisonment not exceeding one year, or to a fine not exceeding zł 30, 000 or both penalties together.

Art. 164. Any person who, in voting at a general meeting of shareholders or in the exercise of minority rights uses:

1) a forged certificate of deposit of shares entitling him to vote;

2) a share not his own, without the consent of the holder;

3) a share not his own, and not entitling the holder to vote, shall be liable to a term of imprisonment not exceeding one year or to a fine exceeding zł 30, 000, or both penalties together.

Art. 165. Any member of the board or a liquidator who, except in such cases as are provided for by the present law, permits the acquisition or acceptance as pledge by the company of its own shares, shall be liable to a fine not exceeding zł 30, 000.

Art. 166. Any member of the board who permits shares to be issued;

1) which are not fully paid up;

2) before the company is registered;

3) in the case of increase of share capital, prior to the registration of such increase, shall be liable to a term of imprisonment not exceeding one year, or to a fine not exceeding zł 30, 000.

Art. 167. Any member of the board or liquidators who, in violation of the provisions of the present law, fails to give notice of the bankruptcy of the company, shall be liable to a term of imprisonment not exceeding three months or to a fine not exceeding zł 10, 000 or both penalties together.

Art. 168. Any member of the board or liquidator who is responsible for the following acts of the board;

1) omission to publish a balance-sheet or profit and loss account;

2) omission to convoke a general meeting;

3) refusal to furnish explanations to duly appointed auditors, or obstruction of them in the execution of their duties;

4) allowing the company to remain for a period of over three months without having a properly constituted supervising council;

5) omission to make application to the registry court for the appointment of expert auditors;

6) omission to furnish to the Ministry of Industry and Commerce, records, documents, information, shall be liable to a fine not exceeding zł 10 000.

The penalty shall be fixed by the court of registry. The court may remit the whole or part of the sentence, should the obligation in question be fulfilled after the penalty has been fixed. Where the failure to carry out the obligation is repeated, the court may again impose a penalty.

An appeal against a penalty imposed by a court of registry may be entered in a higher court within eight days.

Art. 169. All cases dealing with offences enumerated in Arts. 160—167 belong to the competence of the respective district courts.

In those cases where any of the penal offences provided for in the present law are subject to a more severe penalty according to other penal laws, the penalty shall be inflicted according to the latter.

PART IX.

Temporary and Final Provisions.

Art. 170. The present law shall come into force on January 1st 1929, and shall apply in the entire territory of the Republic, with the exception of the Voievodship of Silesia, in which it shall not become binding until ratified by the Silesian Diet.

The present law shall apply to joint stock companies already registered, or in respect of which application for registration has been made before it

comes into force only after the registration of their articles of association, altered to conform with the present law.

The necessary alterations shall be made within two years of the entry into force of the present law.

Within the boundaries of the Upper Silesian portion of the Voievodship of Silesia, articles of association shall be brought into conformity with the present law not later than on December 31st, 1938.

After the expiry of the above mentioned periods, provisions in articles of association contrary to the provisions of the present law shall cease to have legal effect.

Joint stock companies of which the articles of association are not, after the above mentioned periods, brought into agreement with the provisions of the present law in all material points may be dissolved and liquidated under a decision of the court of registry at the instance of the Minister of Industry and Commerce.

Art. 171. The provisions of the present law which may adversely affect any rights enjoyed shall not apply to joint stock companies registered or in respect of which application for registration has been made prior to its entry into force.

In particular, the following provisions shall not apply:

1) arts. 1—27, as regards the promotion of joint stock companies; in respect of which application for registration has been made to the court of registry before the entry into force of the present law;

2) art. 28, as regards indivisibility of shares;

3) art. 31, as regards the issue of interim certificates to bearer, if certificates were issued before the entry into force of the present law;

4) arts. 39—42, as regards the limitation of privileged shares, beneficiary shares and founders certificates, if wider rights have been already attributed to such shares or certificates;

5) art. 45, as regards the liability to payment in full, and exemption of shareholders from the full payment, providing that such exemption had been granted before the entry into force of the present law;

6) the provisions of arts. 114—121 as regards the increase of share capital, provided that the resolution regarding such increase had been notified to the court of registry before the entry into force of the present law;

7) the regulations relating to changes in the articles of association and of reduction of share capital, provided that such change or reduction had been the subject of an application for registration before the entry into force of the present law;

8) the provisions regarding amalgamations of companies, provided that application to register an amalgamation had been made before the coming into force of the present law.

Art. 172. Until such time as a uniform commercial code is promulgated, the following provisions shall be applicable throughout the Republic:

1) the title of a joint stock company shall embody the expression „spółka akcyjna" (joint stock company) in unabbreviated form and shall indicate the objects of the undertaking. In addition, the title may also contain

coined names or the names of physical persons connected with the formation of its objects, subject to the consent of such persons or of their heirs;

2) in cases forseen by the present law for the sale of cancelled shares the company shall effect the sale by public auction, through a stockbroker if the shares are quoted on the Stock Exchange, or by a notary public or by an administrative official, if they are not quoted.

Art. 173. Until such time as a uniform law is promulgated, the following regulations shall apply in the districts of the Courts of Appeal of Warsaw, Lublin and Wilno:

1) joint stock companies shall draw up an inventory and an opening balance-sheet when commencing operations;

2) in the event of an action being brought to set aside a resolution of a general meeting under art. 7 of the present law, the courts shall be empowered to suspend the execution of the resolution, provided it shall be demonstrated that irreparable loss to the company would otherwise result;

3) in accordance with the decree in respect of the commercial register (Journal of Laws of 1919, No 14, Item 164), the words „Court of Registry" shall be understood to mean registrar of companies (registry judge);

4) in the event of the destruction or the loss of registered shares or of interim certificates, the company may, at the request of the interested person, annul such shares or certificates and issue new ones in exchange.

Upon request, the company shall publish at intervals of fourteen days three notices summoning the holder or other person claiming a right to lost shares or certificates, to produce them to the company within six months from the date of the last notice, or failing this, to give sufficient reasons against the cancellation thereof.

In the event of a demand for annulment being presented by a person not figuring in the company's books as the owner of the shares or certificates, the company shall, before publishing a notice, by registered letter, addressed to the person entered in the transfer book as the owner, summon him to state his position as regards the cancellation within ten days from the receipt of the letter. Similar letters shall be sent to those persons who are designated by the applicant as his predecessors in title.

If within the course of the above period nobody presents the share or certificate, and no protest is lodged, the company shall annul it and issue a new one against payment of the costs of preparation. The new share or certificate shall bear the former number and a statement that it was issued in substitution of one cancelled.

In the event of a protest being lodged, the disputing parties shall be directed to settle the matter by a process of law.

Art. 174. Until such time as a uniform criminal code shall be promulgated, the offences mentioned in art. 169 shall be regarded as misdemeanours under the penal code of 1852 in the areas to which it applies and shall be punishable by strict arrest instead of imprisonment.

Art. 175. Art 89 shall be put into force by a special order to be issued by the Ministers of Industry and Commerce and of Justice, which will determine its legal scope as regards time, territory and type of joint stock companies.

Art. 176. Until such time as chambers of commerce and industry shall have been created in those territories of the Republic where none existed at the time of the coming into force of this law, the lists of expert auditors (art. 7, par. 2) shall be prepared by public-economic authorities designated by the Minister of Industry and Commerce.

Art. 177. From the time of the coming into force of this law, all laws and regulations in force on the territory of the Republic and relating to joint stock companies, other than those governing registration and publication of registry entries, shall cease to be effective.

The following shall remain in force:

1) decree of the President of the Republic in respect of banking dated March 17, 1928, (Journal of Laws of 1928., No. 34, item 321);

2) decree of the President of the Republic in respect of the control of insurance dated January 26, 1928. (Journal of Laws of 1928., No. 9, item 54);

3) decree of the President of the Republic, dated October 20, 1926 in respect of the supplementary regulations determining the constitution of the authorities of joint stock companies. (Journal of Laws of 1926, No. 3, item 598).

Art. 178. The execution of this law shall be entrusted to the Minister of Industry and Commerce and to the Minister of Justice.

Enterprises which are of Importance to the State or of Public Utility.

Ordinance of the Council of Ministers dated Dec. 20th. 1928.

(Journal of Laws No 103 of 1928, Item 918.)

By virtue of Article 4, paragraph 3 of the Law regarding Joint-Stock Companies (Decree of the President of the Republic dated March 22nd. 1928, Journal of Laws No. 39 of 1928, Item 383), the following is hereby ordained:

§ 1. In accordance with Article 4 of the law regarding Joint-Stock Companies, the following are considered as enterprises of importance to the State or of public utility:

1) Munition and arms factories, factories of explosives, as well as other kinds of military accessories and materials (tanks, armoured motor-cars, field kitchens, army vehicles, barbed wire, field bridges, etc.) as well as those Companies trading in these articles.

2) Aeroplane and airship engine factories, as well as air transport companies.

3) Sea and river navigation undertakings.

4) Enterprises for the construction or exploitation of canals.

5) Enterprises for the construction or exploitation of public railways, not excluding tram systems.

6) Motor transport undertakings.

7) Factories of telegraph, telephone and wireless fittings, as well as enterprises for the construction and exploitation of telephone and telegraph systems and radio-telegraph and radio-telephone installations.

8) Enterprises for the exploitation of slaughter houses, mechanical bakeries, cold-storage plants, grain elevators, water supply and drainage systems and electric power plants.

9) Coal mines and enterprises for the production of coal products (gas and coke plants, etc.) and for the wholesale factoring of coal.

10) Iron, zinc, copper and lead mines and iron, zinc, copper and lead foundries.

11) Potassium and phospherite mines and wholesale dealers in these products.

12) Enterprises producing all kinds of bituminous mineral products (rock oil, ozocerite, oil gas, bituminous sand stone or slate), exploiting all kinds of liquid products used for fuel, selling petroleum and petrol from movable tanks and petrol stations.

13) Enterprises for the boring for and the storing of crude petroleum and its products and for the collection of petroleum and crude petroleum waste percolating from wells, shafts and cisterns.

14) Enterprises for the exploitation of forests.

§ 2. The execution of this Ordinance is entrusted to the Minister of Industry & Commerce in conjunction with the Minister of Justice.

§ 3. This Ordinance comes into effect from January 1st. 1929, on the whole territory of the Republic, with the exception of the Province of Silesia, where it comes into force on the same day as the Decree of the President of the Republic of March 22nd. 1928, pertaining to the Law regarding Joint-Stock Companies (Journal of Laws No. 39 of 1928, Item 383) in accordance with Article 170 of that Decree.

Conditions of Admittance of Foreign Joint Stock Companies and Limited Companies to Operate on the Territory of the Republic of Poland.

Ordinance of the Council of Ministers dated Dec. 20th. 1928.

(Journal of Laws No. 103 Dec. 29th. 1928, Item 919.)

By virtue of Article 4, Sections 2, 4 and 5 of the Law concerning Joint-Stock Companies (Decree of the President of the Republic of March 22nd. 1928, Journal of Laws No. 39 of 1929, Item 383), the following is hereby ordained:

§ 1. As foreign Joint-Stock Companies and Companies limited by Shares according to the Law concerning Joint-Stock Companies, are considered such Joint Stock Companies and Companies limited by Shares, which have their seat abroad.

§ 2. Foreign Joint Stock Companies and foreign Companies limited by Shares are granted permission to operate on the territory of the Republic by the Minister of Industry & Commerce in concurrence with the Minister of Finance; foreign banking and insurance companies are granted permission by the Minister of Finance in concurrence with the Minister of Industry & Commerce.

§ 3. Applications for the admittance of foreign Joint Stock Companies and Companies limited by Shares to operate on the territory of the Republic should be made direct to the Ministry of Industry & Commerce. Applications from foreign banking and insurance societies should be submitted to the Ministry of Finance;

§ 4. The following documents should be annexed to the application:

a) A certificate of the relevant Polish representative abroad stating that in accordance with the spirit of reciprocity, Polish Companies are actually admitted to activities in the State on the territory of which the Company which is endeavouring to secure admittance has its seat; such a certificate is not necessary if there exists a treaty concluded with that State regarding mutual admittance of Joint-Stock Companies and of Companies limited by Shares.

b) The statutes of the foreign Company certified by the proper Polish representative abroad, together with a Polish translation and with a certificate of the competent foreign authorities certified in the above mentioned manner, together with a Polish translation — to the effect that the Company has been established in accordance with the laws of the country and that it is actually carrying on the activities defined by its statute.

c) A copy of the resolution of the general meeting of the shareholders of the Company — certified by the proper Polish representative abroad, together with a Polish translation, resolving to extend the activities of the Company to the territory of the Republic of Poland and also defining the amount of capital designated exclusively for that purpose.

d) A declaration of the foreign Company, worded in a form complying with its statutes, stating that while operating on the territory of the Republic, it will comply with the laws generally in force in the Polish State, as well as with the provisions of the present Ordinance.

§ 5. Permission for operating in Poland is granted on the condition that all the provisions of the present Ordinance are observed. The Minister of Industry & Commerce in concurrence with the Minister of Finance may — in certain cases, in view of the character of the respective enterprises — make such permission dependent upon special conditions.

Permission for operating in the Polish State can be granted for the whole statutory period of existence of the foreign Company, or for a shorter period of time.

Every extension of the period for which the original permission is valid, every establishing of a new branch which is not embraced this permission, or the extending or the alteration of the activities of the Company on the territory of the Republic, requires a separate permission of the Authorities mentioned in § 2.

§ 6. The Company should use on the territory of the Republic and in transactions relative to that territory the name of the firm in the language of the Company's origin with a translation in the Polish language indicating the country where the Company has its main seat and the term "Joint-Stock Company" (Limited Company) should be included.

The Company should establish — for the whole enterprise on the territory of the Republic — a branch of fice with a seat in that territory — staffed by one or several persons, residing at that place, and grant to them unlimited powers to represent the company in all matters relative to the activities of the Company on the territory of the Republic.

A foreign Company is subject — in regard to its activities on the territory of the Republic — to the competence of the Polish Courts and is liable to be summoned in the person of one of the members of the branch.

§ 7. Moreover, the Company is obliged to secure permission from the Authorities mentioned in § 2:

a) For the increasing or diminishing of the capital destined for activities on the territory of the Republic.

b) For the emission of bonds guaranteed by the estate of the Company situated on the territory of the Republic.

c) For the changing of the seat of the representation of the Company on the territory of the Republic.

§ 8. On being granted permission on the strength of §§ 2 5, and 7, the Company should — within 30 days of being notified — insert a notice at its own expense in the "Monitor Polski" (Official Gazette), in a paper recommended by the Ministry of Industry & Commerce and also in at least one other Polish paper chosen by the general meeting of the Company.

§ 9. The notice should contain:

a) the name and style of the Company,
b) its legal seat,
c) the seat of its branch office on the territory of the Polish Republic,
d) the amount of stock capital of the Company, with the indication whether it has been paid up in full, or what part thereof,
e) the capital destined for its activities on the territory of the Polish Republic,
f) the object of the enterprise,
g) the names and surnames and place of residence of the officials of the branch office,
h) other data contained in the statutes and in the permission, the publishing of which is considered advisable by the Ministers of Industry & Commerce and of Finance.

§ 10. After obtaining permission for operating on the territory of the Republic and the other permissions mentioned in §§ 5 and 7, it is necessary to file an application for entry on the Commercial Register.

§ 11. The securing of a permission for operating on the territory of the Republic does not release the Company from the obligation of securing other authorisations, required acording to the regulations in force in regard to the carrying out of the enterprise of the Company.

§ 12. During its activities on the territory of the Republic the Company should:

a) Conduct a separate system of bookkeeping in the Polish language and in Polish currency, in connection with its activities on the territory of the Republic.
b) Notify the authorities indicated in § 2 within 60 days regarding all other changes in its statutes, other than those mentioned in § 7, concerning changes as to the members of the branch, the commencement of the liquidation of the Company and the completion thereof; this information has to be published in the papers mentioned in § 8.
c) Submit within 60 days from the date of the general meeting, the following documents to the Authorities mentioned in § 2:
   1) Copies of the minutes of the general meeting of the shareholders with Polish translation, certified by the relevant Polish representative abroad.
   2) The balance sheets and yearly reports concerning all the activities of the Company, as well as its activities on the territory of the Republic; these balance sheets should also be published in the papers mentioned in § 8.

§ 13. A permission for operating in the Polish State expires:

a) If the Company does not actually start its activities on the territory of the Republic within the time limit defined in the permission, and in case of lack of such a decision, within 6 months from the date of the permission being published in the "Monitor Polski".
b) If the Company has legally ceased to exist in the State of its origin or has lost there the right of doing business or of disposing of its property.

c) If the time has elapsed for the duration of which the permission was issued.

§ 14. The Authorities mentioned in § 2 may limit, and even withdraw, their permission:

a) If conditions should change in regard to the observance of reciprocity in the State of the Company's origin to the detriment of PolishCompanies.
b) If the Company should fail to comply with the conditions of the permission or with its statutes, or with the provisions of the present Ordinance or generally with legal regulations effective in the Republic;
) If the Company should transgress its sphere of activities as defined in ils statutes.

§ 15. In case of the expiration or withdrawal of permission for operating on the territory of the Republic (§§ 13 and 14) and in case of the dissolution and liquidation of the Company (§ 13 point b) the Company should commence the liquidation of its business interests in the territory of the Republic and report this to the Commercial Register. Likewise, it is necessary to notify the Commercial Register when the liquidation is finished in order to have the name of the Company struck off the Register.

§ 16. Joint Stock Companies and Limited Companies, which have received concessions for the transportation of emigrants, defined in Article 25, paragraph 1 and Article 27 of the Decree of the President of the Republik, dated 11th, October, 1927 (Journal of Laws No. 89 of 1927, Item 799) concerning emigration, receive permission without application (§§ 2 and 3), at the instance of the Emigration Department, for operating on the territory of the Republic, for the period of time defined in the concession; these activities will be restricted to the maintaining of an office for carrying on business connected with the transportation of emigrants at Warsaw after previously obtaining permission of the Emigration Department and also in other towns.

These Companies — besides the regulations which are, in general, obligatory in the Polish State and the regulations of the Decree of the President of the Republic dated the 11th. October 1927 concerning emigration (Journal of Laws No. 89 of 1927, Item 799) should also comply with the provisions of the present Ordinance.

§ 17. Paragraph 146 of the Ordinance of the Minister of Finance of the 20th. November, 1926 (Journal of Laws No. 121 of 1926, Item 713) which contains the executive regulations to the Law of the 1st. July 1926, regarding Stamp Duties (Journal of Laws No. 98 of 1926, Item 570) reads as follows:

„A foreign Company should submit an application to the Minister of Finance for the assessment of the fees mentioned in Article 109 of the Law of the 1st. July 1926 (Journal of Laws No. of 1926 98, Item 570)."

The submitting of an application by the foreign Joint Stock Company or Limited Company for permission to begin operations on the territory of the Polish Republic (§ 2 of the present Ordinance) or of permission to increase the capital destined for activities on that territory (§ 7 of the present Ordinance) does not release it from the obligation to submit the application mentioned in the preceding paragraph. Likewise the filing of an application for

the granting of a concession for the transportation of emigrants defined in the first paragraph of Article 25 and Article 27 of the Decree of the President of the Republic dated the 11th. October 1927, regarding emigration (Journal of Laws No. 89 of 1927, Item 799) does not release the applicant from this obligation. The fees mentioned must be paid prior to the commencement of activities on the territory of the Republic, or prior to the increased capital being used on that territory.

§ 18. Paragraphs 3—18 of the present Ordinance are not applicable to foreign Insurance Companies, which will be admitted to activities on the terms defined by the Decree of the President of the Republic of the 26th. Janary 1928, regarding control of Insurance, (Journal of Laws No. 9 of 1928, Item 64).

§ 19. The execution of the present Ordinance is entrusted to the Minister of Industry and Commerce in concurrence with the Ministers of Finance & Justice.

§ 20. The present Ordinance becomes effective on the 1st of January, 1929 on the whole territory of the Republic with the exception of the Province of Silesia, where it comes into force on the same day as the Decree of the President of the Republic of the 22nd. March, 1928 — regarding Joint-Stock Companies (Journal of Laws No. 39, of 1928, Item 382) in accordance with Article 170 of the Decree in question.

When this Ordinance comes into force, the following Ordinances cease to be effective:

The Ordinance of the Ministers of Industry & Commerce and of Finance dated the 13th. of June 1922, in the matter of granting permission to foreign Joint Stock Companies and Companies limited by Shares for operating in the Polish State (Journal of Laws No. 52 of 1922, Item 474) and also the Ordinance of the Ministers of Industry & Commerce and of the Minister of Finance dated the 26th. May, 1923, regarding the changing of § 4 of the Ordinance of the Ministers of Industry & Commerce and of Finance of the 13th. June 1922 (Journal of Laws No. 60 of 1923, Item 442).

Bill of Exchange Law.

Decree of the President of the Republic dated 14th November, 1924.

(Journal of Laws No. 100 of 1924, Item 926.)

On the strength of Art. 1 E. p. 5 and Art. 2 of the law of the 31st July 1924 governing the reform of the finances and the economic reconstruction of the State (Journal of Laws No. 71 of 1924, Item 687) and in accordance with the decision of the Council of Ministers of the 15th October 1924 — the following is decreed:

PART I.

DRAFTS.

SECTION I.

Writting out and form of drafts.

Art. 1. A draft should contain:

a) the word "draft" in the text of the document in the language in which this document is written out;

b) the order for payment of a fixed sum;

c) the name of the drawee;

d) the term of payment;

e) the place where payment is to be made;

f) the name of the persons in whose favour or to whose order payment is to be made;

g) the date on which and the place where the draft was written out;

h) the signature of the drawer.

Art. 2. A document on which one of the above data is missing is not considered as a draft, with the exception of cases enumerated hereafter:

A draft in which the term of payment is not mentioned is payable on presentation.

If the place where payment is to be made is not mentioned separately, the draft is payable in the place mentioned with the name of the drawee. This place is considered at the same time as the residence of the drawee.

A draft which does not contain the name of the place where it was drawn is considered as drawn in the place mentioned with the name of the drawer.

Anyone who signed his name on a document which does not contain all the data required for a draft, is responsible on the strength of the law governing bills of exchange, unless he can prove that the document was filled in later, contrary to his will. Such a person is responsible towards an acquirer in good faith, to whom the document was transferred after being filled in, in spite of its illegal form.

Art. 3. A draft may be written out to the order of the drawer.

The drawer may be at the same time the drawee.

A draft may be written out for the account of a third party.

Art. 4. A draft may be payable to a third party, either at the residence of the drawer or at another place (a localised draft).

Art. 5. In a draft payable on presentation, or within a certain time after presentation, the drawer may make a reservation regarding the payment of interest. In every other draft such a reservation is considered as not written.

The rate of interest should be fixed in the draft, otherwise the legal rate of interest is applied.

Interest is due from the date of the draft, if no other date is mentioned.

Art. 6. In case of a difference between the amount of a draft written out in words and in figures, the draft is valid for the sum written out in words.

In case of a difference between a sum written out several times in words and in figures the draft is valid for the smaller sum.

Art. 7. If a draft contains the signatures of persons unfit to contract liabilities, the responsibility of other persons who signed the document remains in force in spite of it.

Art. 8. Whosoever signed a draft as the substitute of another person without being authorised to do it, is responsible on the strength of the law governing bills of exchange.

An attorney, who overstepped the sphere of his competence, is also responsible in full for the obligation incurred.

Art. 9. The drawer is responsible for the acceptance and for the payment of the draft.

The drawer can free himself from responsibility for the acceptance of the draft; the reservation, by which the drawer frees himself from responsibility for the payment of the draft, is considered as not written.

SECTION II.

Endorsement.

Art. 10. Every draft can be transferred by endorsement even if it is not written out to order.

If the drawer places in the draft the words „not to order" or any similar restriction, the draft may be transferred only in the form and with the effects of an ordinary cession.

A draft may be endorsed to the drawee, independently of the fact whether accepted by him or not, to the drawer and to any other person who incurred a liability on the strength of that draft. The above persons may endorse the draft to others.

Art. 11. The endorsement should be unconditional. The conditions on which an endorsement is made to depend are considered as not written.

A partial endorsement is invalid.

An endorsement to bearer is not valid either.

Art. 12. The endorsement must be written either on the draft itself or on a slip of paper attached to it and must be signed by the endorser.

An endorsement is valid even if the name of the endorsee is not mentioned and when the endorser limited himself to the signing of his name on the reverse of the draft (open endorsement).

Art. 13. All the rights resulting from a draft are transferred by endorsement.

If the endorsement is an open one, the prossessor of the draft may:

1. fill in his own name or that of another person;

2. endorse the draft further to another person or leave it open;

3. transfer the draft to another person without filling in the endorsement and without endorsing the draft.

Art. 14. The endorser is responsible for the acceptance and for the payment of the draft, if no reservation to the contrary is made.

The endorser may forbid further endorsements; in such a case the sphere of his responsibility towards the following endorsees is not larger than that towards the endorsee directly preceding.

Art. 15. The legal possessor of a draft is considered as that person who will prove his right by an uninterrupted series of endorsements, even if the last endorsement is an open one. When an open endorsement is followed by a further one, it is considered that the endorser who signed it acquired the draft on the strength of an open endorsement. Crossed out endorsements are considered as non-existing.

If somebody was deprived of the possession of a draft by an accident, the possessor who will prove his rights according to the regulations of the preceding paragraph will be obliged to hand over the draft only if he either acquired it in bad faith, or, when acquiring it, committed an act of serious neglect.

Art. 16. The debtor cannot make objections against the possessor of the draft, based on his personal relations with the drawer or with former possessors, unless the transfer of the draft was effected on the basis of an understanding aiming at harming the debtor.

Art. 17. If the endorsement contains the mention: „value to be received", „for collection", „by procuration" or any other remark meaning only an authorisation (vicarious endorsement), the possessor may exercise all the rights resulting from the draft, but can endorse it further only with the effects of a vicarious endorsement.

In such cases the debtors may make objections only against the endorser.

Art. 18. If the endorsement contains the mention: „value for security", „value for pledge" or any other remark meaning a guarantee, the possessor may exercise all the rights resulting from the draft, but his endorsement has only the meaning of a vicarious endorsement.

Debtors cannot make use in this case of objections against the possessor based on their personal relations with the endorser, except if the endorsement was effected on the strength of an understanding aiming at harming the debtor.

Art. 19. After the term of payment the endorsement has the same effects as before. However, in case of a draft protested owing to non-payment, and after the expiration of the term fixed for protesting a draft, the endorsement has only the effects of an ordinary cession.

SECTION III.

Acceptance.

Art. 20. The possessor of a draft, and even any holder, may present it for acceptance to the drawee before the term of payment.

Art. 21. In every draft the drawer may make the reservation that the draft is to be presented for acceptance, fixing the term for this or not.

The drawer may prohibit the presenting of the draft for acceptance, except in the case of a localised draft and of a draft payable at a fixed term after presentation.

He may also make the restriction that the presentation for acceptance cannot take place before a certain date.

Every endorser may make the reservation that the draft must be presented or acceptance, fixing the term for this or not, unless prohibited by the drawer.

Art. 22. A draft payable a certain time after presentation should be presented for acceptance before the expiration of six months from the date of fdrawing.

The drawer may fix a shorter or a longer term.

The endorsers may shorten this term.

Art. 23. The possessor is not obliged to leave the draft presented for acceptance in the hands of the drawee.

The drawee may demand a repeated presentation of the draft for acceptance on the day following that of the first presentation. Persons interested may only raise objections to the effect that this demand was not fulfilled, when it is confirmed in the protest.

Art. 24. The acceptance is written on the draft. It is expressed by the word „accepted" or by any other similar word. The draft is signed by the drawee. The signature of the drawee on the reverse of the draft means its acceptance.

If the draft is payable a certain time after presentation, or if, owing to a special reservation, it must be presented for acceptance at a fixed date, the acceptance should bear the date of its effecting, unless the possessor demands that it be dated on the day of presentation. For purposes of recourse against the drawer and the endorser, the holder must confirm the lack of the date by a protest made in due time.

Art. 25. The acceptance should be unconditional; it can be limited to a part of the amount of the draft.

Every other alteration of the text of the draft contained in the acceptance, is considered as a refusal of acceptance. Nevertheless the acceptor is held responsible according to the text of his acceptance.

Art. 26. If the drawer mentioned in the draft a place of payment differing from the residence of the drawee, without giving the name of the payer, the latter's name must be given in the acceptance. If the name of the payer is not given, it is considered that the acceptor took upon himself the obligation to pay in the place of payment.

If a draft is payable in the place where the drawee is residing, the latter may mention in the acceptance the bank or office where payment should be made or the name of the person who will effect it.

Art. 27. By accepting a draft the drawee takes upon himself the obligation of paying it on maturity.

In case of non-payment the possessor of the draft, even if he were the drawer, has the right to lay a direct claim against the acceptor in connection with all the points of Arts. 47 and 48.

Art. 28. If the drawee crossed out the acceptance before returning the draft, it is considered that he refused to accept it; however, he will be held responsible in spite of it, according to the text of his acceptance, if he informed the holder or any of the persons who signed their name on the draft, in writing that he accepted it.

SECTION IV.

Guarantee.

Art. 29. The payment of a draft may be guaranteed.

The guarantee may be given by a third party or by one of the persons who signed the draft.

Art. 30. The guarantee is placed on the draft itself or on a slip of paper attached to it.

It is expressed by the words: „I guarantee" or by a similar expression, the guarantee is signed by the person who gives it.

The signature alone on the obverse side of the draft is considered as a guarantee, except in the case of the signature of the drawer and of the drawee.

The person giving the guarantee must mention the name of the person for whom it is meant; if such an indication is missing, it is considered that the guarantee was given for the drawer.

Art. 31. The person who gave the guarantee is responsible in the same measure as the person in whose favour the guarantee was given.

The liability of the former is valid, even if the liability in connection with which the guarantee was given was invalid owing to any reason whatever, with the exception of a formal defect.

The person who gave the guarantee and paid the draft has the right of resourse against the person for whom the guarantee was given and against the predecessors of that person.

SECTION V.

Date of payment.

Art. 32. A draft may be payable:

a) on a fixed day,
b) a certain time after date,
c) on presentation,
d) a certain time after presentation,
e) at public fairs.

A document with other or several terms of payment is not considered as a draft, even if it possesses all the other characteristics of a draft.

Art. 33. A draft payable on presentation is payable when submitted. It must be presented for payment before the expiration of 6 months from the date of drawing. The drawer may fix a shorter or a longer term. The endorsers may shorten this term.

Art. 34. The term of payment of a draft payable a certain time after presentation is fixed according to the date of acceptance or protest.

If there was no protest, an undated acceptance is considered as effected on the last day of the term (legal or contracted) fixed for presentation.

Art. 35. A draft payable one or several months after the date of drawing or after presentation falls due on the corresponding day of the month in which payment should be made. If such a day does not exist, payment should be made on the last day of the month.

If a draft is payable one or several months and a half after the date of drawing or after presentation, the full months are counted first.

If the payment of a draft is fixed for the beginning, for the middle (middle of January, middle of February, etc.) or for the end of a month, — the first, the fifteenth or the last day of the month are understood.

The definitions „eight days" and „fifteen days" do not mean one and two weeks but the full periods of eight and fifteen days.

The definition „half a month" means fifteen days.

Drafts payable at fairs fall due on the day preceding the closing of the fair, except when the latter lasts only one day.

Art. 36. When a draft is payable on a fixed day in a place, where another calendar is in force than in the place of drawing, the date of payment is considered as having been fixed according to the calendar which is in force in the place of payment.

If a draft is payable a certain time after date and if it is transferred to a place where a different calendar is in force, the date of the draft is altered according to the calendar in force in the place of payment and the term of payment is fixed on that basis.

The principle laid down in the preceding paragraph is applied also for the calculation of the period for the presentation of drafts.

The above regulations are not applied if either the reservations made in the draft or if the text of the draft show that it was intended to apply other principles.

SECTION VI.

Payment.

Art. 37. The holder of the draft must present it for payment either on the first day on which payment may be claimed or on one of the two following week days. The presentation of the draft to the clearing house is equal to its presentation for payment.

Art. 38. When paying the draft the drawee may demand that it be handed out to him receipted by the holder.

The holder cannot refuse to accept a part payment.

In case of a part payment being made the drawee may demand that a note to that effect should be made on the draft and a separate receipt handed out to him.

Art. 39. The holder of the draft is not obliged to accept payment before the due date.

A drawee who pays before the due date does this at his own risk.

Whoever pays at due date is freed from the liability, except if he acted fraudulently or neglectfully. He is obliged to check the consecutiveness of the endorsements but not the signatures of the endorsers.

Art. 40. If a draft is written out for a currency which is not the legal tender in the place of payment, the amount of the draft may be paid in local currency at the rate of exchange prevailing on the day of payment, unless specially mentioned by the drawer that payment must be made in a fixed currency (reservation of payment in foreign currency). The value of the foreign currency is fixed according to the commercial customs of the place of payment. The drawer may make the reservation in the draft that the amount due must be converted at the rate of exchange fixed in the draft; in this case the amount of the draft must be paid in local currency.

If the draft is written out for a currency which has the same name but a different value in the place of drawing and in the place of payment, it is to be understood that the currency of the place of payment was meant.

Art. 41. In case of non-presentation of a draft for payment during the period mentioned in Art. 37, every debtor may deposit the amount of the draft with the Court in the place of payment at the expense and risk of the holder.

SECTION VII.

Recourse owing to non-acceptance or non-payment.

Art. 42. The holder of a draft has the right of recourse against the endorsers, the drawer and other debtors after the date of payment, if payment was not made; also before the date of payment;

1. if acceptance was refused;

2. if proceedings for an amicable arrangement were instituted or if the bankruptcy of the drawee was proclaimed, independently of the fact whether he accepted the draft or not, if the drawee suspended payments or if an effectless seizure of his property was carried through after the writing out of the draft;

3. if proceedings for an amicable arrangement were instituted or if the bankruptcy of the drawer of the draft was proclaimed and the presentation of the draft for acceptance was prohibited.

Art. 43. The refusal of acceptance and of payment should be confirmed by an official protest.

The protest for non-payment should be made on the day on which payment was to be made or on one of the two following week days.

The protest for non-acceptance should be made during the period fixed for the presentation of the draft for acceptance. If in the case foreseen

in Art. 23 p. 2 the draft was presented for acceptance for the first time on the last day of that period, the protest may be made on the following day.

If a protest owing to non-acceptance was made, the presentation for payment and the protest owing to non-payment are not necessary.

If proceedings for an amicable arrangement are instituted, or if bankruptcy is proclaimed, neither a presentation for payment nor a protest owing to non-payment of a draft are necessary.

In other cases foreseen in Art. 42 p. 2 the holder of the draft has the right of recourse only after presentation of the draft for payment to the drawee and after the making of the protest.

Art. 44. The holder of the draft must inform his endorser and the drawer of the non-acceptance or of the non-payment during the four week days following that on which the protest was made, and, where the reservation; „without expense" is made — during the four week days following that of presentation.

Every endorser should inform his predecessor within two days of the receipt of the notice, until finally the information is passed to the drawer. The above period runs from the date of the receipt of the notice from thepreceding endorser.

If an endorser did not give his address, or if the address is illegible, it is sufficient to inform the directly preceding endorser.

The notice may be given in any way, even simply by returning the drafts. The person, whose duty it is to send the notice must be able to prove that he did it in the time prescribed.

It is considered that the above term was observed if the letter containing the notice was posted during the time proscribed.

Whosoever does not give the above not iceduring the term prescribed does not lose his rights to the draft, but is made responsible to the amount of the draft for losses caused owing to his neglect.

Art. 45. The drawer or the endorser may, by the proviso „without expense", „without protest", or any similar expression, free the holder of the draft from the duty of making the protest owing to nonpayment and non-acceptance as a condition for the right of recourse.

Such a right does not free the holder either from the duty of presenting the draft within the time prescribed or of informing the preceding endorser and the drawer. The proof of the non observance of the prescribed period should be presented by the person who refers to it.

A reservation made by the drawer is valid in connection with all the debtors. Should the holder make a protest in spite of the reservation, he will have to cover the expenses in connection therewith. If the reservation is made by the endorser, the cost of protest burdens all the debtors.

Art. 46. All those who drew, accepted, endorsed and guaranteed the payment of a draft are responsible jointly before the holder.

The holder may lay claims against one, several or all the debtors, without observing the order in which the liability was taken by them.

Every debtor who paid the draft enjoys the same rights.

Legal proceedings against one debtor do not prevent proceedings against others, even against the followers of such a debtor, against whom legal proceedings were instituted before.

Art. 47. The holder of the draft may claim from the person who incurred the liability;

1) the non-accepted or unpaid amount of the draft together with interest, if a proviso for the payment of the latter was made;

2) legal interest from the date of payment;

3) the cost of protest, of informing the predecessor and the drawer, and other expenses;

4) a commission which amounts to $^1/_6\%$ of the amount of the draft and which cannot exceed this rate. By special agreement this commission may be fixed at a smaller rate.

In case of a recourse before the due date a discount will be deducted from the amount of the draft. This discount is calculated, according to the desire of the holder, either at the official rate of the Bank of Poland or at the market rate in force on the day of the placing of the recourse in the place where the holder is residing.

Art. 48. Whosoever paid the draft may claim from his predecessors;

1) the whole amount paid;

2) legal interest on the above sum reckoning from the date of payment;

3) his own expenses;

4) a commission on the amount of the draft according to Art. 47 p. 4.

Art. 49. Every debtor against whom a recourse is or may be exercised may claim the handing over to him of the draft, of the protest and of a bill receipted at his expense against payment of the amount of the recourse.

An endorser who paid the draft may cross out his own endorsement and those of his successors.

Art. 50. In case of a recourse owing to the acceptance of a part of the draft, the person who pays the nonaccepted part may demand that a corresponding note be made on the draft and a separate receipt handed out to him. In addition to the above the holder of the draft must issue to that person a confirmed copy of the draft and of the protest in order to enable the exercising of a further recourse.

Art. 51. The person exercising the recourse, if no restriction to the contrary is made, may exercise his rights also by drawing on one of his predecessors a new unlocalised draft payable on presentation (recourse draft). A recourse draft contains, in addition to the amounts mentioned in Art. 47 and 48, also the amount paid for stamp duty on the new draft and other additional expenses.

If a recourse draft is issued by the holder of the original draft, the amount of that draft will be fixed according to the exchange of the draft payable on presentation, transferred from the place where the original draft was payable to the residence of the person who incurred the liability. If a recourse draft is issued by the endorser, the amount of the draft will be fixed according to the exchange of the original draft payable on presentation, transferred from the residence of the drawer of the recourse draft to that of the person who incurred the liability.

Art. 52. After an effectless expiration of the terms fixed:

a) for the presentation of a draft payable on or a certain time after presentation;

b) for the making of a protest owing to non-acceptance or non-payment;
c) for presentation for payment if the reservation „without expenses" was made, the holder loses his rights against the endorsers, the drawer and other debtors, with the exception of the acceptor.

In case of non-presentation of a draft for acceptance during the term fixed by the drawer, the holder loses his right of recourse for non-acceptance and non-payment, except if it results from the proviso that the drawer wanted to free himself only of the responsibility for acceptance.

If the reservation as to the term of presentation was made by the endorser, he is the only one who can refer to it.

Art. 53. If the presentation of a draft or the making of a protest cannot be effected during the term prescribed, owing to unsurmountable obstacles (force majeure), these terms are extended.

The holder must inform his endorser immediately of the case of force majeure and make a corresponding note, dated and signed, on the draft itself or on the attached slip. In regard to his other duties the regulations of Art. 44 are applied.

After the removal of the obstacles of force majeure the holder of the draft must present it immediately for acceptance or for payment, and have a protest made in case of necessity.

If the obstacles of force majeure last longer than 30 days after the due date, a recourse can be exercised without presenting the draft and without protest.

As regards drafts payable on or a certain time after presentation, the above term of 30 days runs from the day on which the holder informed his endorser of the obstacles of force majeure, even if such a notice was given before the expiration of the term fixed for the presentation of the draft.

Purely personal matters, regarding the holder of the draft or the person whom the holder authorised to present the draft or to make the protest, are not considered as obstacles of force majeure.

SECTION VIII.

Substitution.

Art. 54. If necessary the drawer or the endorser may design a person who will accept or pay the draft.

On the conditions given below a draft may be accepted or paid by substitution in favour of any of the debtors.

Every third party, even the drawee or a person already liable in connection with the same draft may serve as substitute with the exception of the acceptor.

The substitute must inform immediately the person for whom he acts.

1. Acceptance by substitution.

Art. 55. Acceptance by substitution may take place in all cases of recourse before the due date, except if the presentation of the draft for acceptance was prohibited.

The holder may disagree with the acceptance by substitution, even if it is offered by a person assigned for acceptance or for payment in case of necessity.

If the holder agrees to acceptance by substitution he loses the right of recourse against his predecessors before the due date of the draft.

Art. 56. Acceptance by substitution is noted on the draft; it is signed iy the substitute who mentions in whose favour it is made; if this re mark bs missing it is considered that the acceptance was effected in favour of the drawer.

Art. 57. The acceptor by substitution is responsible towards the holder and the successors of the person in whose favour the substitution was made, just the same as this latter person.

In spite of an acceptance by substitution the person in whose favour the substitution was made and his predecessors may claim from the holder the handing out of the draft and of the protest, if the latter was made, against payment of the sum mentioned in Art. 47.

2. Payment by substitution.

Art. 58. Payment by substitution may be made in all cases where the right of recourse may be exercised before or after the due date of the draft.

Such payment may be made at the latest on the day following that prescribed for the making of the protest for non-payment.

Art. 59. If a draft wast he accepted by substitution, or if the names of persons are given in it, who must pay if necessary, the holder must present the draft in the place of payment to all these persons and, should payment by substitution not be made, he should have the draft protested on the day following that prescribed for the making of the protest for non-payment.

The person who assigned a substitute and the one in whose favour the acceptance was made, as well as the succeeding endorsers are free of any responsibility if the protest was not made on the day mentioned above.

Art. 60. Payment by substitution comprises the whole sum which would have to be paid by the person in whose favour the substitution was effected, with the exception of the commission mentioned in Art. 47, p. 4.

The holder of the draft who refuses the acceptance of such a payment loses his right of recourse against those persons who would have been freed of the liability in the above manner.

Art. 61. Payment by substitution is noted and receipted on the draft. The name of the person in whose favour payment was made is mentioned at the same time. If the name of that person is not mentioned it is considered that payment was made for the drawer.

The draft and the protest (if the latter was made) must be handed over to the person who makes the payment by substitution.

Art. 62. The person who pays by substitution takes over the rights of the holder against the person for whom he acted as substitute and his precedessors. He cannot, however, endorse the draft further.

The successors of the person for whom payment by substitution was made are free of responsibility.

In case of several offers for payment by substitution priority is given to that person, who disengages the largest number of debtors. Whosoever, contrary to this regulation and in spite of being aware of the state of things, pays by substitution, loses his right of recourse against those debtors who would have been freed of the liability.

SECTION IX.

Duplicate and other copies of the draft.

1. Duplicate copies.

Art. 63. A draft may be written out in several identical copies.

Each copy must be numbered, otherwise they are each considered as a separate draft.

Every holder of a draft may demand the issuing, at his expense, of further copies, unless it is understood from the draft that it was made out in one copy. For this purpose the holder must apply to his endorser who in turn must apply to his predecessor, until they reach the drawer. The endorsers must repeat their endorsements on the new copies.

Art. 64. Payment made against one of the copies frees the others from liability even when no mention was made on the draft that by such a payment the other copies become null and void. The drawee, however, remains responsible in connection with every copy accepted by him which was not returned.

An endorser who transferred the copies to various persons, as well as his successors, are responsible in connection with every copy signed by them which was not returned.

Art. 65. Whoever sends one copy for acceptance, must note on the others the name of the person to whom it was sent. This person must hand out the copy to the legal possessor of another copy.

In case of a refusal the possessor may exercise his right of recourse only after confirming by a protest:

1. that in spite of the demand the copy sent for acceptance was not handed out;

2. that it was impossible to obtain acceptance or payment against another copy.

2. Other copies.

Art. 66. Every holder of a draft has the right to make copies thereof.

A copy must be an exact reproduction of the original with endorsements and with all the notes on it; it must be mentioned also for what purpose the copy was made.

Endorsements and guarantees may be written on the copy in the same manner and with the same effects as on the original.

Art. 67. The name of the holder of the original must be mentioned on the copy. The holder must hand over the original to the legal possessor of the copy.

In case of refusal the possessor of the copy may exercise his right of recourse against the endorsers of the copy only after confirming by a protest that in spite of his demand the original was not handed over to him.

SECTION X.

Falsifications.

Art. 68. The falsifying of any signature, even of that of a drawer or o the acceptor does not interfere with the validity of other signatures.

Art. 69. In case of a change of the text of the draft, those who signed it after the change was effected are responsible according to the altered text of the draft; those who signed it before are responsible according to the original text.

SECTION XI.

Limitation.

Art. 70. Claims against the acceptor are subject to limitation after the expiration of three years from the due date of the draft.

Claims of the holder of the draft against the endorsers and the drawer are subject to limitation after the expiration of one year from the date of the protest, which was made in due time, and in case of the proviso „without expense" — after the expiration of one year from the due date.

Recourses of the endorsers against each other and against the drawer are subject to limitation after the expiration of 6 months from the date on which the draft was honoured or on which the claim was presented.

Art. 71. The limitation of claims is interrupted only and exclusively:

a) by the bringing of a law suit,
b) by the presentation of a claim in proceedings for an amicable arrangement or in case of bankruptcy,
c) by the notification of a dispute or by a summons on the part of the defendant,
d) by the recognition in writing of the claim resulting from a draft.

Art. 72. An interrupted limitation again becomes valid:

a) in case of the lodging of a claim which is not properly supported — after the last deed in the lawsuit; the new limitation is interrupted again by the restarting of the process;
b) in case of the presentation of a claim in proceedings for an amicable arrangement or in bankruptcy proceedings — from the moment of the closing of the proceedings, and, if the claim was rejected — from the moment of the rejection;
c) in case of the notification of a dispute or of a summons — from the date of the closing of the dispute;
d) the case of recognition — from the date of the document.

Art. 73. The interruption of the limitation is valid only in respect of such debtors, whom the reason of the interruption concerns.

Art. 74. The course of limitation is not subject to suspension.

SECTION XII.

Clams for unjust profits.

Art. 75. The drawer and the acceptor whose liability expired owing to limitation or owing to the neglect in carrying out the necessary deed, remain under obligation towards the holder of the draft, if they made unjust profits to his prejudice.

Claims for unjust profits are subject to limitation after the expiration of three years from the date of the expiration of the liability.

SECTION XIII.

General Regulations.

Art. 76. Anyone who has the right to incur liabilities according to the regulations of private law, may incur liabilities against drafts.

Art. 77. Illiterate persons and those who are unable to write may replace the signature by a sign which must be legalised on the draft itself in accordance with the existing laws and regulations.

Authorisations for signing a draft in the name of persons who cannot write must be legalised in the above manner.

Art. 78. If a draft falls due on a holiday, payment may be claimed only on the following week day. Also all the other functions in connection with a draft, in particular the presentation for acceptance and the making of protests may only be undertaken on a week day.

If the last day of a term, during which a function must be carried out, is a holiday, the term is extended to the nearest week day. From the terms mentioned in Arts. 37, 43, and 44, holidays are deducted, whereas they are included in all the other terms.

Art. 79. Legal terms and terms fixed in a draft do not comprise the first day.

The granting of „facility days", either on the strength of a law or at the discretion of the Judge is not admissible.

SECTION XIV.

Clashing of laws.

Art. 80. The ability of a person for contracting liabilities on drafts is subject to the laws of the corresponding State. If these laws recognise the law of another State in this respect, that law must be applied.

A person who, according to the laws mentioned above, is not capable of incurring liabilities, remains liable in spite of this if he he contracted the liability on the territory of a State, according to the laws of which he would be considered capable of doing so.

Art. 81. The form of the declaration contained in a draft is judged according to the laws of the State on the territory of which it was signed.

For the validity of liabilities contracted abroad by one Polish citizen towards another, the observance of the regulations of this law is sufficient.

Art. 82. The form of and the term for the protest, as well as the form of other functions connecting with the exercising or preserving of rights are judged according to the laws of the State on the territory of which the protest is to be made or the function carried out.

Art. 83. The validity of statements made in a draft on the territory of the Polish Republic according to the regulations of this law is not hampered by the fact that other such statements, made outside her territory, do not correspond to the regulations in force in the place where they were made, provided that they correspond to the regulations of this law.

SECTION XV.

Protests.

Art. 84. Protests are made by a notary or by the courts.

Art. 85. A protest contains:

1) the name of the person who claims it and that of the one against whom it is to be made;

2) the statement that the person against whom the protest is directed did not give satisfaction to the demand. This statement must be accompanied either by a declaration of that person or by a statement that the addressee was absent, that his residence could not be found, etc.,

3) the place from where and the date on which the summons was sent or ineffective endeavours for its transmission were made.

4) the mention of the number and kind of copies of the draft which were presented.

5) the signature of the organ which made the protest, the official seal and the consecutive number of the protest.

Should the drawee demand that the draft be presented to him for acceptance on the following day this demand must be noted in the protest.

Art. 86. The presentation of a draft, the summons for the handing out of a copy or of the original, as well as all other functions for the preservation of rights must be effected, if no other mention is contained in the draft, — in the offices of the enterprise, or should it be impossible to find these offices — in the lodgings of the person to whom the summons is to be sent. In other places, e. g. at the ,,Stock Exchange", these functions may be effected only with the consent of the parties interested.

The organs effecting the protest must make researches for the finding of the offices of the enterprise or of the lodging of the person to whom a summons is to be sent, and are responsible for losses caused owing to a neglect in this respect. Inaccuracies and neglect in the researches are not a reason for the invalidity of the protest.

Art. 87. The protest must be written out on the back of the draft or on a separate slip attached to it. If no declarations are written on the back of the draft, the protest must be written beginning at the top, and in the contrary case — directly after the last declaration.

If the protest is written or continued on a separate slip, this slip must be attached to the draft in such a manner, as to leave no open spaces on the back of this document. The junction of the draft with the additional slip must either bear the official seal or must have the text of the protest written on it.

Art. 88. One protest is sufficient even if the summons is addressed to several persons on the base of one draft.

If several copies or an original and a copy of the draft are presented at a time to a person who incurred the liability, it is sufficient to make the protest either on one of the copies or on the original. On the other copies the organs making the protest must note where the protest was made or that it was made on the original, and will sign this remark.

Art. 89. If the protest is to be made owing to a refusal of acceptance of a part of the draft, a copy of the draft must be made containing all the endorsements and declarations and the protest must be written out on this copy or on the additional slip attached to it. A note to this effect must be made on the original.

The protest for the refusal to hand out the original of the draft in accordance with Art. 67 p. 2 must be made on the copy or on an additional slip attached to it.

The slip containing the protest must be attached to the copy in the manner shown in Art. 87 p. 2.

Art. 90. The organs effecting the protest are authorised and obliged to collect the money and to issue a receipt.

Art. 91. If the organs effecting the protest do not find the person to whom the summons was addressed, either at the offices of his enterprise or at his residence, they must leave a note informing that person of the making of the protest, containing the name and address of the holder of the draft, the text of the draft and the name and address of the organs which effected the protest.

Art. 92. For the carrying out of functions aiming at the preservation of rights the notary may make use of assistants who will be granted an authorisation for the purpose by the president of the district court at the proposal of the notary.

The notary and the assistant are responsible jointly for the activity of the assistant.

Art. 93. The organs which effect protests must file separately copies of all the protests, containing the most important data of the drafts and numbered consecutively. These copies must be filed in chronological order.

The parties interested may demand the issuing of simple or legalised copies of these documents.

SECTION XVI.

Lost drafts.

Art. 94. Anyone who has lost a draft may demand the competent district court to cancel that draft.

The application must contain the actual text of the draft, an explanation regarding the loss and the legal reasons which justify the demand for cancellation.

The court will publish a notice in its official journal and in the local paper destined for the publication of advertisements in connection with the commercial register, summoning the holder of the draft to present that document to the court within 60 days.

This term begins on the due date of the draft. Should the application be made after the due date or should the date of payment not be mentioned in the draft — the above term begins on the day of the publication of the summons. The last day of this term should be mentioned in the notice.

Should the draft not be presented within the term fixed in the summons, the court will issue a decision on the strength of which the draft will be considered as cancelled.

Should the holder present the draft before the issuing of the decision, the court will desist from the continuation of the proceedings after hearing the parties interested and after presentation of the draft, tothe person demanding its cancellation.

The court will inform the drawee and all the debtors mentioned by the person demanding the cancellation of the draft, both of the instituting of the proceedings and of their result.

Art. 95. The drawee and the debtor who pay the draft after the receipt of the note informing them of the instituting of proceedings, do it at their own risk; they may, however, deposit the amount of the draft with the competent court, by which fact they are freed of the liability.

Art. 96. After the publication of the summons for the presentation of the draft and after its due date, the person demanding the cancellation may claim from the acceptor either the depositing of the amount of the draft with the court or payment against a security; the choice remains with the debtor. The depositing of the amount of the draft with the court frees the debtor of the liability also in this case.

Art. 97. During the proceedings for the cancellation of a draft the rights of recourse may be exercised against the drawer and the endorsers, if the acceptor, and in case of the absence of the latter the drawee, in spite of the summons, does not deposit the amount of the draft with the court or refuses to make payment against security. The refusal must be confirmed by a protest on the strength of a copy of the draft. For the recourse the regulations of the preceding articles are applied.

Art. 98. All rights resulting from a draft may be exercised on the strength of the decision for its cancellation.

PART II.

Sole bills of exchange.

Art. 99. A sole bill of exchange contains:

1) the words ,,bill of exchange" in the text of the document in the language in which this document is written out;

2) the unconditional promise of payment of the amount of money fixed;

3) the date of payment;

4) the place of payment;

5) the name of the person in whose favour or to whose order payment must be made;

6) the date on which and the place where the bill of exchange was written out;

7) the signature of the drawer.

Art. 100. A document in which one of the above data is missing is not considered as a sole bill of exchange, with the exception of the cases enumerated hereafter.

A sole bill of exchange in which the date of payment is missing is due on presentation.

If not mentioned separately, the place where the bill was written out is considered as its place of payment and at the same time as the residence of the drawer.

A bill which does not contain the name of the place where it was issued is considered as issued in the place given with the name of the drawer.

Whoever signs his name on a document which does not contain all the data required for a sole bill of exchange is liable under the regulations of the law governing bills of exchange, unless he can prove that the document was filled in later, contrary to his will. Such a person is responsible towards an acquirer in good faith, to whom the document was transferred after being filled in, in spite of the illegal form of the latter.

Art. 101. The regulations governing drafts are applied to bills of exchange if they are not in contradiction with the essence of the bill in question and if they refer to:

endorsement (Arts. 10—19),
guarantees (Arts. 29—31),
due date (Arts. 32—36),
payment (Arts. 37—41),
recourse owing to non-payment (Arts. 42—49, 51—53),
payment by substitution (Arts. 54, 58—62),
copies (Arts. 66 and 67),
falsification (Arts. 68 and 69),
limitation (Arts. 70—74),
claims for unjust profits (Art. 75),
capacity for contracting liabilities (Art. 76),
signature of illiterate persons (Art. 77),
holidays, reckoning of terms, facility days (Arts. 78 and 79),
clashing of laws (Arts. 80—83).

The regulations governing localised drafts (Arts. 4 and 26), the reservation of interest (Art. 5) differences in the writing out of the amount of the draft (Art. 6), the consequence resulting from the signature of a person who does not possess the required capacity (Art. 7) of for a person who does not possess an authorisation or who exceeds its limits (Art. 8), protests (Arts. 84—93), with the difference that the protest must be made out against the drawer — and lost drafts (Arts. 94—98) are also applied to bills of exchange.

Art. 102. The responsibility of the drawer of a bill of exchange is the same as that of the acceptor of a draft, both in regard to extent and to duration.

Bills of exchange due a certain time after presentation should to be presented during the terms mentioned in Art. 22 in order to be viséd. The term „after presentation" begins to run from the date of the visé, signed by the drawer. If the drawer refuses to put the visé or to date it, the refusal must be confirmed by a protest (Art. 24); the term begins to run from the date of the protest.

PART III.

SECTION I.

Temporary regulations.

Art. 103. Pending the issue of a uniform civil code and of a law on legal proceedings, the regulations of the civil law and of the law on legal proceedings remain in force which were formerly binding and which, in addition to the

means enumerated in Arts. 70 and 71 and 72, award also to other means of process and execution an influence equal to that of a law suit upon the beginning and the interruption of limitation.

In particular:

1) on the territory on which German civil code is in force — par. 209 p. 1. 3 and 5 of the German civil code, pars 281 and 693 of the German civil procedure, and par. 13 of the order of the Council of 9th September 1915 (German Journal of Laws, page 562);

2) on the territory on which the Austrian civil code is binding — Art. XLV of the law introducing civil procedure;

3) on the territory on which the Russian civil code is binding — the regulations thereof in connection with a proposal for the introduction of a clause governing execution and the handing in of a summons on the strength of a bill of exchange.

SECTION II.

Final Regulations.

Art. 104. The above law comes into force on January 1st. 1925.

Art. 105. On the day of the coming into force of the above law all laws, orders and decrees referring to bills which were issued previous to it become null and void. In particular:

1) the Austrian law on bills introduced on January 15th, 1850, Journal of Laws 51, as well as all amendments and additional orders referring thereto;

2) the German law on bills of February 15th 1850 as well as all amendments and orders which were issued later;

3) the regulations of the French Code de Commerce Arts. 110—189, as well as all amendments and the order on protests;

4) the Russian law on bills of 1902 together with all additional laws.

Art. 106. The regulations regarding bills referred to in other laws and ordere are substituted by the corresponding regulations of this law. In particular:

1) Art. 182 p. 5 of the Austrian commercial code by Arts. 12 and 13 p. 2 of this law.

2) Art. 305 p. 1 of the Austrian commercial code by Arts. 12 and 13 p. 2, 15, 39 p. 3 of this law.

3) Art. 305 p. 2 of the Austrian commercial code by Arts. 94, 95, 96 p. 1 and 97 of this law.

4) Par 26 p. 1 of the Austrian law on warehouses — by the regulations of Art. 15 p. 1 of this law.

5) Art. 39 p. 1 of the same law — by Arts. 94—97 of this law.

6) Par. 222 of the German commercial code — by Arts. 12, 13 p. 2 and 15 of this law.

7) Par. 365 of the German commercial code — by Arts. 12, 13 p. 2, 15 and 39 p. 3 of this law.

Art. 107. This law does not infringe the regulations of laws governing proceedings in connection with bills of exchange and the laws and orders issued by the Treasury in connection with Government dues on bills and protests.

Art. 108. In a special order the Minister of Industry and Commerce, in conjunction with the Minister of Justice, will fix those week days on which the carrying out of functions in connection with bills of exchange will be inadmissible.

Art. 109. The fixing of the competent courts and of the hours for the making of protests is reserved to a special order which will be issued by the Minister of Justice in conjunction with the Minister of Trade and Industry.

Art. 110. The Minister of Justice, in conjunction with the Minister of Industry and Commerce, may issue a separate order authorising post offices to make protests.

Art. 111. The Minister of Justice is entrusted with the carrying out of this order.

„Law on Cheques"

Decree of the President of the Polish Republic of November 15 th, 1924.
(Journal of Laws No. 100 of 1924, Item No. 927),

On the strength of Art. 1 E. p. 5 and Art. 2 of the law of the 31st July 1924 governing the reform of the finances and the economic reconstruction of the State (Journal of Laws No. 71 of 1924, Item 687) and in accordance with the decision of the Council of Ministers of the 15th October 1924, the following is decreed:

PART I.

Form.

Art. 1. A cheque should contain:

a) the word ,,cheque" in the text of the document;
b) the name of the person making the actual payment (the drawee);
c) the signature of the drawer;
d) the unconditional order of payment of a fixed amount of money;
e) the place and the date on which the cheque was drawn; if the name of the place is not mentioned, it is considered that the cheque was drawn in the place given with the name of the drawer.

Art. 2. The following institutions may be given as drawees:

a) Government credit institutions,
b) credit institutions and savings banks under the control of the State, of local authorities and public co-operatives,
c) registered firms the names of which show that they are bankers.

Art. 3. Cheques are payable on presentation.

Art. 4. An order of payment in which one of the above data is missing is not valid as a cheque.

Art. 5. Cheques may be drawn on a fixed person, to order or to bearer.

The drawer may be at the same time the receiver of the money, or may issue the cheque to his own order.

A cheque issued to a fixed person with the addition of the words: ,,or to bearer", or any similar expression, as well as a cheque in which the name of the person to whom payment is to be made is not mentioned — is payable to bearer.

A cheque to bearer in which the drawer and the drawee are the same person is invalid.

Art. 6. A cheque is payable in the place of issue. Another place of payment may be mentioned therein, or given against the name of the drawee.

Art. 7. A cheque on which the amount was written out in words and in figures is valid for the sum written out in words in case of a difference between the two amounts.

In case of a difference between sums written out several times in words and in figures, a cheque is valid for the smaller amount.

Art. 8. Cheques cannot be presented for acceptance.

PART II.

Endorsement.

Art. 9. A cheque which is not issued to bearer may be transferred by endorsement.

If the drawer writes on the cheque the words: „not to order", or a similar expression, such a cheque may only be transferred with the effects of an ordinary cession.

Art. 10. An endorsement must be unconditional. Conditions on which an endorsement is made to depend have no validity.

A partial endorsement is not valid.

Endorsements to bearer and endorsements effected by the drawee are not valid.

An endorsement in favour of the drawee is valid as a receipt, except in cases where the drawee possesses several businesses and the cheque is endorsed in favour of one which is not situated at the place of payment.

Art. 11. Endorsements must either be written out on the cheque or on a slip attached to it and signed by the endorser.

An endorsement is valid even if the name of the endorsee is not mentioned and also if the endorser only signs his name on the back of the cheque or on a slip attached to it (blank or open endorsement).

Art. 12. All the rights resulting from a cheque are transferred by endorsement.

In case of an open endorsement the possessor of a cheque may:

a) fill in his own name or that of another person;
b) endorse the cheque to another person or leave the endorsement open;
c) transfer the cheque to another person without filling in the endorsement and without endorsing it further.

Art. 13. That person will be considered as the legal possessor of a cheque who can prove his rights by an uninterrupted series of endorsements, even if the last endorsement is an open one. When an open endorsement is followed by a further one it is considered that the endorser who signed the latter acquired the cheque on the strength of an open endorsement. Endorsements which are crossed out are considered as non-existing.

If a person has lost possession of a cheque the possessor who will prove his rights according to the regulations of the preceding paragraph will be compelled to hand it over only if he acquired it in bad faith or committed an act of serious neglect when acquiring it.

Art. 14. If the endorsement contains the remark: „value to be received", „for collection", „by procuration" or a similar expression, meaning an authorisation (vicarious endorsement), the holder of the cheque may exercise all the rights resulting from the cheque but can endorse it further only with the effects of a vicarious endorsement (Art. 30).

PART III.

Presentation for payment.

Art. 15. Cheques issued and payable in Poland, if payable in the place of issue, must be presented for payment within 10 days, and in other cases —

within 20 days from the date of issue, under the threat of loss of the right of recourse against the endorsers and guarantees.

Foreign cheques payable in Poland, must be presented for payment within 30 days, and, if issued outside Europe — within 60 days from the date of issue.

For the calculation of the above terms the day on which the cheque was issued is not taken into consideration. If the last day of the term is a legal holiday, then the term is extended to the nearest week day.

If a cheque is payable abroad, the term for presentation is fixed on the strength of the law in force in the place of payment. Should no regulations be foreseen in this respect, then the regulations of a preceding paragraph will be applied.

Art 16. The presentation of the cheque to the Bank in which the drawee has an account, is equal to presentation for payment.

The Minister of Finance, in conjunction with the Minister of Justice, will fix the institutions which are to act as clearing houses.

Art. 17. If the calendar in use in the place of payment is different to that in force in the place of issue, then the date of issue will be altered according to the calendar which is in force in the place of payment and the term for the presentation of the cheque will be fixed on that basis.

PART IV.

Payment.

Art. 18. When paying, the drawee may demand the handing over of the cheque receipted by the holder.

The holder cannot refuse the acceptance of a part payment.

In case of a part payment the drawee may demand that a note to that effect be made on the cheque and a separate receipt issued to him.

Art. 19. The drawee must check the correctness of the consecutiveness of endorsements, but is not obliged to check the correctness of the signatures of endorsers.

If the drawee made payment to a person who proved his rights by an uninterrupted series of endorsements, he is freed from responsibility, unless he acted in bad faith or neglectfully.

Art. 20. The legal relation between the drawer and the drawee decides upon the drawee's duty towards the drawer in connection with the payment of a cheque unless the regulations of this law free the former from the obligation of payment.

Art. 21. The drawee must refuse to make payment if he is aware that the drawer is bankrupt.

Art. 22. The retraction of a cheque is valid:

a) if the cheque was retracted after the expiration of the term fixed for presentation, or if this term was not observed; in the latter case the validity of retractation begins from the expiration of this term;

b) in the case of cheques issued to order which were sent by the drawer directly to the drawee — if it took place before the handing out of the cheque to the receiver of the payment.

From the moment of a valid retraction the drawee has neither the right nor the duty to cash the cheque.

The expiration of the term fixed for the presentation of a cheque which was not retracted does not exercise any influence either on the right or on the duty of payment, if not foreseen otherwise by agreement between the drawer and the drawee.

Art. 23. The drawer and every holder of a cheque may, by writing across if: ,,for settlement only", ,,transfer to account", and such like, prohibit the payment of the cheque in cash. In this case the cheque can only be used in settlement of account with the drawee, with a person who has an account with the latter, or with a member of the clearing house which is situated in the place of payment.

If the drawee is a member of the clearing house he may, when presenting the cheque, insert on it the name of another member as payer.

The carrying through of the settlement is considered as payment of the cheque.

A prohibition of payment cannot be withdrawn.

The drawee is responsible for losses caused owing to the non-observance of the prohibition.

PART V.

Responsibility.

Art. 24. The drawer and the endorsers are responsible jointly towards the holder of the cheque for the payment of its full amount.

The drawer cannot free himself from responsibility in this respect; any such restriction is not valid.

The endorser can free himself from this responsibility by adding the words; ,,without responsibility", ,,without guarantee", or any similar expression, to his endorsement. If he prohibited the further endorsement of the cheque he is not responsible to the following endorsees in a larger measure than towards his direct endorsee.

Art. 25. In the same measure as the drawer and the endorser, that person is responsible who served as guarantee to them and signed his name on the cheque adding to it the words ,,as guarantee" or any similar expression.

If the guarantor did not mention in whose favour the guarantee was given, it is considered as having been given for the drawer. The signature on the right side of the cheque issued to bearer is also considered as a guarantee for the drawer.

The liability of the guarantee is valid, even if the liability for which the guarantee was given is invalid for any reason whatever, with the exception of a formal defect.

The guarantee may be given by a third party, as well as by a person whose named is signed on the cheque. The guarantee of the drawee is invalid.

Art. 26. Whosoever signs a cheque as representative of another person, without being authorised to do so, is responsible jointly on the strength of the law on cheques.

An attorney who oversteps his rights is fully responsible for his liability.

Art. 27. Anyone who is capable of contracting liabilities on the strength of civil law, may contract liabilities by means of cheques.

If a cheque contains the signatures of persons who are not capable of contracting liabilities, the liability resulting from other signatures shall remain valid.

Art. 28. The falsifying of a signature, even of that of the drawer, does not interfere with the validity of other signatures.

In case of alteration of the text of a cheque the persons who signed if after the alteration was made, are responsible according to the new text; those who signed it before are responsible in accordance with the original text.

Art. 29. The holder of a cheque may claim his rights against one or more debtors without observing the order in which they contracted the liability. The guarantor who paid the cheque may claim his rights against the person for whom the guarantee was given, and also against the predecessors of that person. A law suit against one of the debtors does not interfere with the instituting of legal proceedings against others, not even against the successors of the debtor against whom legal steps were first taken.

Art. 30. Against the holder of a cheque, the debtor cannot produce objections, based on his personal relations with previous holders, unless the transfer of the cheque was effected with a view to harming the debtors.

If the rights resulting from a cheque are claimed by an endorsee on the strength of a vicarious endorsement, the debtors may raise objections against the endorser.

PART VI.

Recourse.

Art. 31. The holder of the cheque may exercise his right of recourse against the endorsers, the drawer and other persons under liability, provided that the cheque is presented for payment before the expiration of the term fixed for its presentation, and that payment was not made.

The presentation and non-obtainment of payment must be confirmed in one of the follwing manners

a) by a protest,
b) by a dated declaration of the drawee, written on the cheque,
c) by a dated declaration of the clearing house, confirming that the cheque was presented in due time and was not paid.

In the case of crossed cheques the refusal to effect the settlement has the same effects as non-payment, if the settlement was to be made with the drawee, with a person who has an account with the latter, or with a member of the clearing house situated in the place of payment.

Art. 32. The making of the protest and of the declaration replacing it must take place before the expiration of the term fixed for the presentation, and at the latest on the nearest week day following that of presentation.

The manner in which a protest must be made is described in the relevant regulations.

If a cheque is payable abroad the law in force in the place of payment is decisive for the carrying out of functions in connection with the exercising

and the preservation of rights resulting from cheques, as well as for the fixing of the terms and of the manner in which these functions must be carried out.

Art. 33. The holder of the cheque must inform his endorser and the drawer of the non-payment within the four week days following the day on which the protest or the declaration was made, and in cases where the restriction „without expense" is made — after the day of presentation.

Every endorser must inform his predecessor within two days of the receipt of the notice.

The notice may be given in any way whatever, even by a simple return of the cheque. The person whose duty it is to send the information must be able to prove that he did so within the time prescribed.

It is considered that the term was observed if the letter containing the information was posted within the term prescribed.

Whosoever does not send the information within the time prescribed, does not lose his rights, but is responsible for losses which may be caused owing to his neglect, up to the amount of the cheque.

Art. 34. The drawer or the endorser may, by making the reservation: „without expense", „without protest" or any similar expression, free the holder from the duty of making the protest as an indispensable condition for the right of recourse.

The restriction made by the drawer is binding for all debtors. Should the holder make the protest in spite of the existence of this proviso the expenses connected therewith must be borne by him. If the restriction is made by the endorser, the expenses must be borne by all the debtors.

Art. 35. The holder of the cheque may claim from the persons who contracted the liability:

a) the unpaid amount of the cheque;
b) legal interest from the day of the presentation of the cheque.
c) the expenses connected with the making of the protest or of the declaration replacing the latter, of informing his predecessor and the drawer, and other expenses.
d) a commission which, in the absence of a seherate agreement, amounts to $^1/_6$ per cent. of the unpaid amount and may not exceed this rate.

Art. 36. Whosoever paid the amount of the cheque may claim from his predecessors:

a) the whole amount paid;
b) legal interest on the above amount from the day of payment;
c) own expenses;
d) a commission calculated according to the regulations of the preceding article.

Art. 37. The debtor against whom a recourse is or may be exercised, may demand the handing over of the cheque, the protest and a bill receipted at his expense, against payment of the amount of the cheque.

The endorser who paid the amount of the cheque may cross out his own endorsement and those of his successors.

Art. 38. Should it be impossible to present the cheque, to make the protest or to obtain the declaration of the drawee owing to obstacles or force majeure, the terms fixed for these functions are extended.

The holder must immediately inform his endorser and the drawer, of the obstacles or force majeure, and make a corresponding note on the cheque dated and signed by him; in addition to the above the regulations of Art. 33 are applied.

After the removal of the obstacle or force majeure the holder must present the cheque for payment without delay and make a protest, if necessary.

Should the obstacle of force majeure last longer than 30 days after the expiration or the term fixed for the presentation of the cheque, the right of recourse may be exercised without presenting the cheque and without protest.

Circumstances of a personal nature concerning the holder of the cheque or the person authorised by him to present it and to make the protest, are not considered as obstacles or force majeure.

PART VII.

Copies.

Art. 39. With the exception of cheques to bearer, every cheque drawn in Poland and payable in another country may be issued in several identical copies.

The copies must have numbers in the text, otherwise each of them is considered as a separate cheque.

Art. 40. Payment made against one copy frees from the liability even if no restriction is contained in the cheque that such payment cancels the other copies.

The endorsers who transferred the copies to different persons, as well as the following endorsers are responsible in connection with all the copies which they signed and which were not returned to them.

PART VIII.

Lost chequest.

Art. 41. The loser of a cheque may request the competent district court in the place of payment to recognise the lost cheque as being cancelled.

The application must contain the text of the cheque, the circumstances of the loss and an explanation of the legal interest which authorises the demand for cancellation.

The court will publish in its official journal, as well as in the local paper destined for the publication of advertisements connected with the register, a notice summoning the holder to present the cheque to the court within 60 days. This term runs from the date of publication. The last day of the term must be mentioned in the notice.

Should nobody present the cheque within the term stated above, the court will cancel it.

Should, however, the holder of the cheque present it before the cancellation, the court will interrupt further proceedings after hearing the parties interested and after showing the cheque to the person who applied for the cancellation.

The court will inform the drawee and all the debtors, named by the person demanding the cancellation of the cheque, both of the commencement of the proceedings and of their results.

Art. 42. The drawee and the debtor who pay the cheque after the receipt of the notice informing them that proceedings for the cancellation were commenced, do so at their own risk; they may, however, deposit the amount of the cheque with the court and in this manner be freed from liability.

Art. 43. If, after the publication of the summons the person demanding the cancellation applies to the drawee for the payment of the cheque, the drawee may deposit the corresponding amount with the court or pay it to that person against a security.

Should the drawee refuse to do either the one or the other, the person demanding the cancellation of the cheque may make a protest on the strength of a copy of the cheque, or obtain a declaration of the drawee on that copy, after which the right of recourse may be exercised. The person who applied for the cancellation may only demand, however, either a deposit or payment against security, at the choice of the debtor.

Art. 44. On the strength of the decision acknowledging the cancellation of a cheque, all the rights resulting therefrom may be exercised.

PART IX.

Limitation.

Art. 45. The recourse of the holder against the endorsers and the drawer is subject to limitation six months after the expiration of the term fixed for presentation.

Claims of endorsers against each other and against the drawer are subject to limitation after the expiration of six months from the day on which the endorser paid the cheque, or on which the summons were delivered to him.

For the calculation of these terms the first day is not taken into consideration.

Art. 46. The limitation of claims is interrupted only by:

a) the instituting of legal proceedings;
b) by the registration of a claim in proceedings for a composition arrangement or a bankruptcy;
c) by a summons on the part of the defendant or by the notification of a dispute;
d) by a written acknowledgement of the claim.

Art. 47. An interrupted limitation begins to run again:

a) in case of the instituting of legal proceedings and of an insufficient supporting of the dispute — from the last function in the protest; the new limitation is interrupted by the recommencement of the law suit;
b) in case of the registration of a claim in proceedings for a composition arrangement or a bankruptcy — from the moment of the ending of the proceedings, and in case of refusal to acknowledge the claim — from the moment of the refusal;
c) in case of summons on the part of the defendant or of the notification of a dispute — from the conclusion of the dispute;
d) in case of acknowledgement — from the date of the document.

Art. 48. The interruption of the limitation is effective olny in regard to that debtor, to whom the cause of the interruption applies.

Art. 49. The course of the limitation is not subject to suspension.

PART X.

Claims for unjust profits.

Art. 50. The drawer whose liability expired owing to limitation or owing to neglect in accomplishing the deeds for the preservation of rights, remains liable towards the holder of the cheque, if he made profits to the detriment of the latter.

The right of recourse for unjust profits is subject to limitation at the end of three years from the day of the expiration of the liability.

PART XI.

Lack of cover.

Art. 51. If a cheque could not be paid because the drawer, when writing it out, did not possess sufficient funds at his disposal, er because he disposed otherwise of those funds after drawing the cheque — he is responsible towards the holder for every loss and must pay him at least six per cent of the unpaid amount. Claims in regard to the above are subjectto limitation at the expiration of three years from the day on which the drawee refused to honour the cheque.

In the above cases the drawer may also be punished by imprisonment up to 6 weeks and a fine up to 5000 zloty, if the deed is not one for which a more severe punishment is foreseen, unless he can prove that, when writing out the cheque, he had good reasons to believe that the cover would be at his disposal when the cheque was presented for payment, and that the lack of cover was due to reasons over which he had no control.

PART XII.

Clashing of laws.

Art. 52. The capability of a person for contracting liabilities is judged according to the law of the State in question. If such a law acknowledges the law of another country in this respect, the law of that other country must be applied.

Whosoever does not possess the required capability in accordance with the law described above, remains liable if he contracted the liability on the territory of a state, according to the law of which he possesses that capability.

Art. 53. A cheque may be drawn on any person who may be the drawee according to the law in force in the place of issue or in the place of payment.

Art. 54. The form of the cheque is judged upon according to the law in force in the place of issue; however, the observance of the form prescribed by the law in force in the place of payment is sufficient for the validity of the cheque.

PART XIII.

Process regulations.

Art. 55. For the validity of liabilities contracted abroad by a Polish citizen towards a Polish citizen, the observance of the form laid down in this law is sufficient.

Art. 56. The validity of declarations made in cheques written out in Poland in accordance with this law is not hampered by the fact that other declarations, made abroad, do not correspond to the regulations of the law which is in force either in the place of payment or in the place of issue, so long as they correspond to the regulations of this law.

Art. 57. The competence of the courts for the settling of disputes on the strength of this law is decided upon according to the regulations governing the competence of the courts for the settling of disputes in connection with bills of exchange.

In cases where the rights of recourse are exercised, the corresponding regulations of the law on bills of exchange must be applied.

PART XIV.

Transitory regulations.

Art. 58. Until the issuing of a uniform civil code the regulations of the civil and process laws remain in force which were binding until now and which, in addition to the examples enumerated in Arts. 46 and 47 award also to other means of process and execution an influence equal to that of a law suit upon the beginning and the interruption of limitation.

In particular:

1) on the territory on which the German civil code is in force, par. 209 L, 1, 3 and 5 of the German code, pars. 281 and 693 of German civil procedure and par. 13 of the order of the Council of September 9th, 1915 (German Journal of Laws, page 562);

2) on the territory on which the Austrian civil code is in force — Art. XLV of the law on civil procedure;

3) on the territory on which the Russian civil code is in force — the regulations of that code in connection with the inclusion of an executive clause and the handing in of an executive summons on the strength of a bill of exchange.

Art. 59. The above law comes into force on the 1st January 1925.

At the same time the regulations which were in force in Poland until now and which applied to cheques become null and void, with the exception of the regulations relating to Government fes.

Art. 60. The Minister of Industry and Commerce, in conjunction with the Minister of Justice, will fix in a special order those week days which will be counted as legal holidays for the carrying out of the provisions of this law.

Art. 61. The Minister of Justice is entrusted with the carrying out of this law.

Bankruptcy Law.

Valid for the districts of the Warsaw, Lublin and Wilno Appeal Courts.*)

Decree of the President of the Republic dated December, 23rd, 1927.

(Journal of Laws, No. 3 of 1928, Item No. 20.)

In conformity with article 44. par. 6 of the Constitution and the law of the 2nd August, 1926, granting to the President of the Republic the right of issuing decrees having the force of laws, the following is hereby decreed:

CHAPTER I.

Postponement of payments.

Art. 1. The right of postponement of payments may be granted to a trader, who, possessing sufficient means to meet in full the demands of his creditors, is compelled through unforeseen circumstances to stop payments temporarily, or anticipates the necessity for this course in the near future.

A postponement of payments cannot be granted if insolvency results from acts on the part of the debtor which would form a legal basis for declaring him bankrupt.

Art. 2. Postponements of payments will be granted by the competent Bankruptcy Court.

Art. 3. The following documents should be attached to the application, in which the debtor should give grounds for his request to postpone payments:

1) extract from the commercial register,

2) balance sheet, together with statement and detailed valuation of the assets and liabilities;

3) list of creditors, indicating their christian and family names (or style of firm), address, amounts due and their respective dates of maturity; liabilities guaranteed by a lien or mortgage should be specified separately.

4) statement of joint and several guarantees granted,

5) statement of sentences passed against the debtor which have not been executed, but are liable to execution (articles 157, 736 and 814 of the Civil Code).

6) Plan of reconstruction of the undertaking.

7) Written declaration of debtor, confirmed by his own signature, as to the authenticity of the data given under points 2—6 of this article.

Art. 4. The President of the Court will, on the receipt of the application fix immediately the term for the hearing of the case, which should not exceed one month, and a notice to that effect will be inserted by him in the Monitor Polski and in two private newspapers designated by him, at least one week before the hearing.

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*) The relevant order for former German Poland, which is based upon the German Commercial Code, is published in Journal of Laws No. 27 of 1928, Item No. 244.

It will be mentioned in the notice that creditors may be present at the hearing in order to give explanations to the Court.

The Court will request the presence of the debtor at the hearing. In case of his non-presence, either personally or through his attorney, the procedure will be suspended.

Art. 5. The President of the Court may, at the motion of the debtor, guarantee his application for the postponement of payments by ordering the postponement of the fixed sale by auction of his property, provided that the documents presented by the debtor (art. 3.) explain sufficiently the circumstances mentioned in the application.

Art. 6. Before the trial takes place, the President of the Court will, when necessary, request one or more experts to investigate the standing of the undertaking in connection with the statements and the documents presented by the debtor.

The debtor will have to present to the appointed expert or experts, books, accounts, invoices, correspondence and all other documents showing the standing of his undertaking.

The experts will give their opinion to the Court in writing.

Art. 7. The President of the Court may ask the opinion of chambers of commerce, government authorities, institutions, unions, etc., as to the official, economic or social utility of the debtor's undertaking.

Art. 8. At the time of the hearing of the case, the Court will take the evidence of the debtor and the experts in camera, and permit those creditors who have arrived as a result of the notices inserted in the papers, to make their statement.

Art. 9. The Court will give a decision with regard to the debtor's application, using its authority with great circumspection.

Art. 10. Should the judicial procedure contain simultaneously two appli cations: — that of the debtor for the postponement of payments, and that o a creditor for a declaration of bankruptcy, the Court may decide these two applications by one and the same ruling.

Bankruptcy cannot be proclaimed during the duration of the postponement of payments.

Art. 11. The ruling for the postponement of payments will come into force immediately.

The ruling will be published in the Monitor Polski and in at least one private newspaper to be selected by the Court, and should immediately be hung in the Court House and on the main entrance to all premises occupied by the undertaking and its branches.

Art. 12. Should the debtor's application be favourably considered the Court will fix the term for the postponement of payments. This period cannot exceed 3 months and will be counted from the day of the passing of the ruling. This term may be extended at most twice for a further 3 months. The application should be presented at the latest 14 days before the elapse of the term for which the postponement of payments was granted; the Court must decide upon the application within that period. The extension of the term depends

upon the decision of the Court and is not subject to appeal. The term of extension is calculated from the date of the elapse of the term of the previous postponement of payments.

Art. 13. When granting the postponment of payments to a debtor, the Court will appoint one or more controllers and a commissary from amongst the judges.

The controller may not be related to the debtor in a degree excluding him from the presentation of statements in a capacity of a witness (Art. 371 p. 3 and art. 373 p. 1 of the Civil Code) neither may he be a competitor of the debtor.

The controller, before undertaking the obligations vested in him by the Court, will give within 24 hours after his appointment, a promise to the President that he will effect all his duties to the best of his knowledge and understanding.

Art. 14. The object of the controller will be the administration of the undertaking benefiting from the postponement of payments.

At the consent of the commissary the controller may authorise the debtor or a third person to perform certain services connected with the carrying out of the business.

Claims against the controller, in connection with his administration of the undertaking, will finally be decided by the commissary.

Art. 15. The controller is bound to attend immediately to the following duties:

1) Close and audit the ledgers of the debtor.

2) Enter into the commercial register and mortgages of the debtor a notice of the decision, granting him a postponement of payments; in the register should be stated who has been vested with the administration of the undertaking, and who has been authorised to perform certain services and in what measure (art. 14 p. 2).

3) Verify the balance sheet presented by the debtor, his assets and liabilities and the list of creditors (art. 3 p. 2 and 3).

Art. 16. The controller will be bound to present to the Court, through the intermediary of the commissary, monthly reports relating to his activities.

Art. 17. Simultaneously with the appointment of the controller the debtor will no longer have the right to perform administrative duties or to dispose of his assets without the consent of the controller; and above all he will no longer have the right to make donations, dispose of the movable property or of rights on his real estate, contract other obligations than those indispensable for the carrying out of the business, unless he has been authorised to do so on the strength of the provisions laid down in art. 14 p. 2.

All acts on the part of the debtor contrary to the above provisions will be considered as being illegal, and agreements concluded on these basis will not be valid.

Persons who can, however, prove that in signing an agreement with the debtor they were acting in good faith, may register their claims against the debtor, but may only realise them subsequent to the rescinding of the order for the postponement of payments.

Art. 18. No executive procedure can be taken against the debtor during the period of the control, while any already begun will be suspended; all distraints made before the proclamation of the postponement of payments will automatically become null and void.

No mortgage entry on the real estate of the debtor resulting from sentences and Court decisions, may be made during the period of the control.

The control does not suspend the course of cases commenced against the debtor, nor does it debar interested persons from the possibility of bringing new ones against him; in this latter case and provided that the claim is entered in full on the list of creditors, the plaintiff will be liable for the payment of all the costs of the process.

In financial cases the debtor may appear before the Court in the presence of the controller, who benefits from all his rights.

Art. 19. The postponement of payments does not apply to:

1) dues resulting from obligations accepted after the issuing of the order;
2) cost of preventive procedure;
3) ordinary treasury and communal taxes;
4) dues resulting from agreements with employees and charges on behalf of insurance institutions connected with these agreements;
5) alimony and kindred charges of all kinds;
6) dues guaranteed by liens on the movable property;
7) interest payable on dues guaranteed hypothecally and dues guaranteed hypothecally on real estate not serving for the purpose of the undertaking;
8) rights which are subject to revindication in case of bankruptcy;
9) movable property subject to price agreements, in the event of sale.

The provisions contained in articles 18 and 18 do not apply to the above named cases.

Art. 20. The postponement of payments has no effect upon the co-debtors and guarantors.

Art. 21. Redemption of debts to which the postponement of payments refers cannot be made prior to the auditing by the controller of the balance sheet and of the list of creditors.

The funds obtained from the running of the undertaking, after covering costs of preventive procedure, expenditure in connection with the carrying out of the business, and a moderate living allowance to the debtor, will be earmarked towards meeting the claims of the creditors.

The plan for meeting the claims of the creditors will be fixed by the controller and confirmed by the commissary.

In case of dispute, the Courts where the hearing of the procedure preventive takes place, will have the right of decision.

The dispute will not hold back payments foreseen by the plan, provided that the Court does not decide otherwise.

Art. 22. Claims are not subject to being struck out if:

1) the creditor became the debtor of the undertaking after the proclamation of the postponement of payments; for the assessing of the debt or liability, the date of the making of the contract, and not the date of its fulfilment, will be taken;

2) the debtor should become liable for an obligation assumed before the appointment of the controller, either through a cession, or through endorsements.

Art. 23. The course of desuetude of liabilities falling under a postponement of payments, is suspended during the period of validity of the receiving order.

Art. 24. The debtor has the right to appeal against a refusal of postponement of payments, and the creditor — against its being granted. The term of entering an appeal will be calculated from the date of the publication of the ruling in the Monitor Polski (art. 11).

The appeal will not stop the execution of the ruling.

Art. 25. The Court will, on the recommendation of the commissary, fix the emoluments of the controller. The above fees will benefit from the same priority rights as would liabilities resulting from privileges or renumeration due to employes for the past and current years.

Art. 26. The expenditure connected with the publication of the procedure of the case will be met by the debtor.

Art. 27. Procedure preventive will be suspended after the elapse of the term fixed for the postponement of payments. No appeal can be made against the decision relating to suspension referred to above.

However, when suspending procedure preventive, and provided that the debtor's solvency has not been removed, the Court may declare bankruptcy on the recommendation of the debtor, the creditors, the controller, or on its own initiative.

Art. 28. If the debtor committed in the administration or in the disposal of his property such acts as are prohibited by the provision laid down in art. 17, or if he acted to the detriment of the creditors, the postponement of payments may be withdrawn at any time on the recommendation of the controller, the creditors, or the Court.

The postponement of payments will at any time be suspended, if:

1) the debtor states in his application to the Court, that he resigns from further advantages resulting from the order.

2) an preventive arrangement is concluded between the debtor and the creditors, based on the provisions laid down in art. 30 and subsequent paragraphs of the present order.

3) in spite of the operation of the order no agreement could be arrived at.

The decision for the postponement of payments is not liable to appeal.

Art. 29. The Court will order the publication of the decision (art. 27 and 28) in the Monitor Polski.

CHAPTER II.

Preventive Arrangement.

Art. 30. A trader who anticipates the impossibility of meeting in full the demands of all his creditors after the elapse of the first 3 months from the date of the granting to him of a postponement of payments, may, in order to prevent bankruptcy, obtain an preventive arrangement on the following lines.

Art. 31. After the issue of the order, but not later than within 3 months from then the debtor will present to the Court where the hearing of the case takes plare, an application for opening an arrangement procedure. Proposals of arrangements should be attached to the application.

Art. 32. Proposals of arrangement may include the following:

1) adjournement or payment by instalments of debts for an aggregate period not exceeding two years.

2) Decrease of debt to be equal for all the creditors and not to exced 30%, or 60% in case of the presence of the conditions laid down in art. 57.

3) Restraint of the debtor in the administration of and in the disposal of his property, especially of the real estate, during the period of executing the arrangement procedure, and the attaching to the debtor of a superviser, or the appointment of an administrator on behalf of the creditors, and the determination of his activities.

4) Bail guaranteeing the fulfilment of undertakings contained in the agreement.

Art. 33. The arrangement cannot contain conditions other than those specified in the preceding article.

Art. 34. The arrangement cannot refer to dues enumerated in art. 19, to preferred dues, and to those guaranteed by a lien or mortgage.

Art. 35. After receiving the application for the opening of the arrangement procedure, the President of the Court will fix immediately a day, falling within the coming fortnight, for the examination of the application.

The Court will call for that day the controller and the debtor in order to hear their evidence.

The application will not be examined in case the debtor is not personally present, or represented through his attorney.

Art. 36. If the President of the Court finds it necessary, he may call one or more experts for the hearing of the case in order to learn their opinion as to the arrangement proposals of the debtor in connection with the standing of his undertaking.

Furthermore, the President of the Court may, in conformity with art. 7 of the present order, ask the opinion of chambers of commerce, government authorities, institutions, unions etc., provided that he has not already done so in the course of the procedure relating to the postponement of payments.

Art. 37. The Court after having heard the evidence of the controller, the explanations of the debtors and the opinion of experts, will decide the opening of the arrangement procedure, provided that the debtor's impossibility to meet all his liabilities in full, either then or at the period of their maturity, was due to unforeseen circumstances and that he had acted in good faith.

Art. 38. The decision of the Court proclaiming the opening of the arrangement procedure will be published in the newspaper designated in art. 4 of the present order.

Art. 39. The opening of the arrangement procedure involves, by virtue of the law, a further extension of the term of the postponement of payments, together with all its consequences, until the confirming of the arrangement by the Court (art. 60).

Art. 40. In order to establish the list of creditors, the controller will fix, in conjunction with the commissary, one or more dates for the verifying of the

liabilities and he will insert a notice to that effect in the papers mentioned in art. 4, inform the competent Treasury office accordingly, and transmit the above information by registered letters to the creditors enumerated in the list presented by the debtor (art. 3).

The controller will point out in the above notices and registered letters the place and date of the exposing of the list of creditors as well as the term and manner of its drawing up.

Art. 41. The controller, as a result of the verification, will insert on the list those creditors, whose dues are based either on entries specified in the books of the debtor, which latter have been kept properly, or on other rights indisputable, or not subject to doubt; he will also include on the list conditional creditors (47).

Creditors representing dues enumerated in art. 19 will not be inserted on the list.

The list of verified creditors will be exhibited in the Court dealing with the procedure.

Art. 42. Interested persons may appeal to the commissary, within 7 days from the date of the exhibition of the list, against the decision of the controller, relating to the insertion or non insertion of a debt on the list; the commissary will finally decide the dispute.

The decision of the commissary does not debar the party from the right to take legal action in the competent Court.

Art. 43. If at the time of verifying the liability it is ascertained that some of the bills drawn, accepted, endorsed or guaranteed by the debtor are in circulation, the controller, in conjunction with the commissary, will fix an additional term for the verification, of these liabilities.

Art. 44. The verification should take place on the recommendation of the commissary, at the latest within 2 months from the date of the opening of the arrangement procedure. The Court may, delay the term, in view of important circumstances, but not by more than one month.

Art. 45. After the expiration of the term allowed for the verification, only the names of those creditors will be inserted on the list, who can prove that in view of important circumstances not within their control, they were unable to present their claim at the correct time.

Art. 46. The insertion of a liability on the list of creditors has only one consequence, i. e. it authorises the creditor to participate at the general meetings of creditors and specifies the sum, in proportion to which, he has the right to participate in the decisions of such meetings, without prejudicing the meaning or the amount of the actual private legal claim.

Art. 47. The debtor, whose claims were rejected either in full or partially by the commissary, may request the Court, as a protective measure, at the time of beginning legal procedings (art. 42 p. 2), to temporarily define a sum, and to put his name together with the sum referred to on the list of creditors conditionally. A conditional insertion on the list of creditors gives the creditor the right to participate in the general meetings of creditors (art. 49) and in the division of funds, whereby sums owed to him will only be paid subsequently to the legalisation of the decision.

Art. 48. The controller will, through the intermediary of the commissary, present the Court with a written statement of his activities (art. 40—47) immediately after their completion.

Art. 49. Immediately after the presentation of the statement of the controller, the commissary will convoke a general meeting of creditors.

Art. 50. The term of the general meeting of creditors will be brought to the notice of the public in conformity with the provisions laid down in art. 4 of the present order.

Creditors inserted on the list, verified by the controller (arts. 41, 43, 45, 47) will moreover be informed by registered letters of the date of the general meeting. These letters will be despatched by the controller and will contain information relating to the arrangement proposals.

Art. 51. Creditors inserted on the list by the controller (arts. 41, 43, 45, 47) may participate in the general meeting.

Art. 52. In order to make the decision of the general meeting binding, the presence of at least half of all the creditors inserted on the list is necessary, creditors presenting their votes in writing will also be considered as present (art. 54).

In case of a renewed non-arrival at a subsequent meeting of a sufficient number of creditors to make the decisions of the general meeting binding — the arrangement procedure will be suspended. The first and the second meetings should be held at an interval of at least seven days, and not exceeding 14 days.

Art. 53. The general meeting of creditors, will be headed by the commissary.

The controller will make a statement of his activities before the assembled creditors, and the commissary will afterwards read the arrangement proposals.

The commissary will order a discussion on the arrangement proposals.

At the consent of the debtor, individual creditors may, at the first meeting, give their recommendations, and also propose changes or amendments relating to the conditions of settlement.

Art. 54. After discussion the commissary will order voting according to the list of those present.

Absent creditors may give their votes in writing; the signature of the creditor should be confirmed officially.

A vote given in writing is taken into consideration and the voting relating to the arrangement proposals of the debtor is carried out in the original manner, unaltered by recommendations, changes and amendments of the creditors, which were presented at the general meeting.

Art. 55. Should the arrangement proposals be altered at the general meeting, the commissary will, in his official capacity, convoke another general meeting after at least seven and not more later than 14 days, taking into consideration the provisions of art. 50.

Art. 56. The arrangement procedure will be considered as accepted by the creditors, if at least half of all the creditors participating at the general meeting, with the right of voting, and representing through the sums owed to them and included in the list (arts. 41, 43, 45) or accepted temporarily (art. 47) not less than $^2/_3$ of all the verified dues owed, not including preference dues and those guaranteed by a lien or mortgage (art. 34) vote for its acceptance.

Preference creditors, or those whose dues are guaranteed by a lien or mortgage may not participate in the voting, unless they resig nonce and for ever from the privilege of a lien or mortgage guarantee.

Art. 57. If the debtor is anxious to obtain in the arrangements proposals a decrease of the debt by over 30%, but not more than 60% (art. 32 p. 2) the provisions laid down in the preceding paragraph are indispensable for the conclusion of the arrangement, with the reservation, however, that creditors declaring themselves for the arrangement should represent at least nine tenths af all the verified creditors.

Art. 58. Should one of the provisions laid down in art. 56 be lacking in the voting required for the acceptance of the arrangement of the majority, or should one or both conditions of majority be lacking for the acceptance of the arrangement, as foreseen by art. 57, and the debtor should make a petition immediately after the finishing of the voting for a decrease of the debt by not more than 30%, the commissary will order a second general meeting with the same motions before it as the first.

This meeting will be convoked not sooner than after seven days and not later than after 14 days, and the formalities laid down in art. 50 should be complied with.

Decisions of this general meeting pass by a majority as foreseen by art. 56. These decisions are final.

Art. 59. The arrangement procedure will be drafted in a protocular form- The number of votes, given orally or in writing, as to the acceptance and re jection of the arrangement, should be given in the protocol.

The protocol will be signed by those creditors who so desire, and by the commissary.

Art. 60. An arrangement procedure accepted by the creditors is subject to confirmation by the Court.

The Court will hear the evidence of the debtor, creditors and controller, should they ask for this course.

Art. 61. The Court may refuse the confirmation of an arrangement procedure:

1) if it contains articles which cannot be included in the arrangement procedure (art. 32—34);

2) if the convoking of the general meeting was not effected in conformity with the formalities enumerated (art. 5);

3) if the majority required in virtue of the present law has not been attained at the general meeting of creditors (art. 56—58);

4) if creditors, not possessing the right of casting votes, participated in the voting;

5) if the debtor committed, after the opening of the arrangement procedure, such acts in the administration or in the disposal of his property, as are prohibited by art. 17 and 39 of the present law;

6) if the conditions of the arrangement are detrimental to good conduct and public order.

Art. 62. The Court may refuse the confirmation of the arrangement, if its conditions are contrary to equity, or cause too great an injury to the minority of the creditors, who voted at the general meeting against the arrangement.

Art. 63. The sentence of the Court in respect of the confirmation or non-confirmation of the arrangement procedure is immediately executed. This sentence can be claimed by the creditors or by the debtor. The claim against the non-confirmation of the arrangement will not be examined, if the bankruptcy of the debtor has been declared before its decision,.

Art. 64. The arrangement procedure is binding for all the creditors enumerated or not enumerated on the list, and also for those who did not participate in the general meetings, but is not binding on those creditors, whose dues are not subject to the arrangement (art. 34).

Those creditors, however, whose dues have been deliberately concealed by the debtor, have the right to claim from him their damages and losses to the full amount of their claim.

Art. 65. As the result of the claim of the creditors, or at the motion of the administrator on the part of the creditors, or finally on its own initiative, the Court may order a case in the presence of the debtor, and convoking the creditors by notices (art. 4) in order to ascertain that the debtor fulfills strictly and in good faith the obligations contained in the arrangement procedure; after convincing itself, that he is either not fulfilling the obligations accepted by him or is acting in bad faith — the Court will cancel the arrangement procedure, with the exception of that part which contains guarantees granted in accordance with art. 32 p. 4 and will simultaneously declare bankruptcy.

Owing to the above cancellation the debtor will be debarred from the privileges of the arrangement procedure.

The amounts paid to individual creditors, in accordance with the conditions of the arrangement, are not subject to return in full, but will be put towards the account of their full dues.

Art. 66. The change of the controller, or of the administrator on the part of the creditors (art. 32 p. 3) as a result of their ceasing to fulfil or not properly fulfilling their duties, will follow in the manner and in conformity with the formalities foreseen in the present law, until the conclusion of the arrangement.

In urgent cases, the Court may appoint a temporary administrator or controller.

Art. 67. The salary of the controller or of the administrator on the part of the creditors (art. 32 p. 3) will be fixed by the creditors, in conjunction with the debtor, in the arrangement procedure.

In the case of the cancellation of the arrangement, as foreseen in art. 65, the amount of the salary of the controller will be fixed by the Court, who will be guided in this respect, by the principles of the arrangement.

Art. 68. The cost of the arrangement procedure will be charged to the debtor.

CHAPTER III.

Penal Regulations.

Art. 69. The debtor, or the person acting on his behalf who is guilty of:

1) presenting the Court with false data regarding his financial standing, by concealing a portion of the documents or declaring entirely or partially

untrue liabilities, in order to obtain postponement of payments or an arrangement procedure;

2) making personally, or through the intermediary of third parties special payments to any of the creditors or granting privileges not foreseen by the arrangement procedure, in order to influence the creditor towards voting for the acceptance of the arrangement procedure; will imprisoned for a period of not less than 3 years.

Art. 70. A person will be considered as accomplice in the transfringements foreseen by art. 69, if they have already been done and will be fined as an accomplice, if guilty of:

1) soliciting to these transfringements,

2) asking or receiving payment on account of the undertakings given under conditions specified in art. 69 p. 2, of which the offender was aware.

CHAPTER IV.

Transitory regulations.

Art. 71. The provisions of art. 32, p. 2 do not apply to traders who obtained a government control before the 1st July, 1927, on the basis of the regulations in force at the time, provided that the debtor will present an application requesting the opening of an arrangement procedure within three months from the coming into force of the present order, and provided that the Minister of Finance, in conjunction with the Minister of Industry & Commerce, will confirm that the debtor's undertaking possesses a official or social necessity.

For the conclusion of the arrangement a majority as foreseen by art. 56 is necessary.

CHAPTER V.

General Conditions.

Art. 72. In matters relating to postponement of payments and in the arrangement procedure the relevant paragraphs of the law relating to civil procedure will be binding.

Art. 73. The present order is valid on the territories covered by the Courts of Appeal of Warsaw, Lublin and Wilno.

Art. 74. The following orders and regulations are hereby cancelled.

1) Order of the Governor General of Warsaw of March 21st./November 12th., 1915, regarding appointment of the controller for the prevention of bankruptcy (Journal of Laws of the General Governor of Warsaw, No. 12, Item 13) as amended by the order of the Governor General of Warsaw of November 28th, 1916 (Journal of Laws of the General Governor of Warszaw, No. 54, Item 200).

2) Articles 392—403 of the law relating to Commercial Court procedure.

Art. 75. The Minister of Justice is vested with the execution of the present order, and the Ministers of Finance and of Industry and Commerce with the execution of art. 71 p. 1.

Art. 76. The present order comes into force 14 days after its publication.

Liquidation of Russian Property Law.

Order of the President of the Republic dated 22nd March, 1928.

(Journal of Laws, No. 38 of 1928, Item 377).

By virtue of art. 44 para. 6 of the Constitution and of the law of 2nd August, 1926 authorising the President of the Republic to issue decrees having the force of law (Journal of Laws No. 78 of 1926, Item 443) the following is decreed.

Art. 1. All properties situated on the territory of the Republic, belonging to legal bodies that, on the day of 7th November, 1917, were domiciled on the territory of the present Union of Socialist Soviet Republics, are subject to liquidation on the ground of the dispositions contained in the present decree.

Art. 2. The liquidation of the property of the legal entities or bodies mentioned in art. 1 is entrusted to a Committee of Liquidation of the Affairs of former Russian Legal Entities with a seat in Warsaw.

Art. 3. (1) The Committee is composed of a Chairman appointed by the Minister of Finance, and of four permanent members designated by the Ministers of Foreign Affairs, Finance, Industry and Commerce, and Home Affairs; and also of a delegate from Government Departments interested in the matter, in particular the Ministry of Agricultural Reform, in those cases when the property to be liquidated belongs to an institution for long-term agricultural credits. Delegates from the Office of the Procurator General and the Polish Delegation to the Mixed Assessment Commission may also participate in the sittings of the Committee with a consultative voice.

(2) The business of the Committee is managed by the Chairman. The Delegate from the Minister of Finance fulfils the functions of Vice Chairman.

Art. 4. (1) The decisions of the Committee ordering the liquidation of the property of legal entities or bodies shall be brought to public knowledge; all persons interested in the property will have the right to lodge a protest to the Committee within six weeks from the date of publication of the decision.

(2) On the grounds of such protest the Committee may either correct or alter the decision taken, such cancellation or alteration to be brought to the notice of the public.

3) A protest does not interrupt the liquidation proceedings, but until the protest has been raised, the estate in liquidation cannot be sold.

Art. 5. (1) When a decision is made to proceed with a liquidation the Minister of Finance will appoint a liquidator nominated by the Committee.

(2) The appointment of the liquidator, together with the indication of the place where he is to exercise his functions, will be brought to public knowledge at the same time as the decision to proceed with the liquidation is published.

(3) If the estate to be liquidated stands under compulsory administration by the State, the liquidator will be appointed by the Minister of

Finance in agreement with the Minister who ordered the estate to be placed under administration by the State, within limits to be established between them; this will be the object of a special notification to the public.

Art. 6. (1) Immediately after his nomination, the liquidator will take under his administration the estate of the legal entity which is situated on Polish territory, and will draw up an inventory of the assets and liabilities and a balance sheet.

(2) The liquidator is empowered to perform all legal actions directed towards the maintenance and preservation of the estate to be liquidated, and also to take proceedings both in contested and uncontested lawsuits, including mortgage prosecutions, without the need of a special power of attorney.

(3) The liquidator must take all necessary steps for the settlement of outstanding debts.

(4) All monies recieved, after the payment of current expenses, will be paid in by the liquidator to the account of the Committee with an institution designated by the Minister of Finance.

Art. 7. (1) From the moment when the present decree comes into force no steps may be taken in respect of the properties mentioned in art. 1 with the exception of the actions entering in the usual management; neither may such provisionally prohibited actions be referred to in mortgage certificates or in mortgage registers.

(2) The initiation of the liquidation proceedings will be brought by the liquidator to the notice of the offices in charge of the mortgage registers concerned in the real estate or mortgages of the legal body. Notice will also be given by him to the offices in charge of books and registers concerned in the real estate or mortgages which, on the 7th November, 1917, belonged to that legal entity, even if such estate or assets has already passed into other hands and either still belong to the original acquirers or to the inheritors.

(3) In those cases in which the Committee recognizes as justified, the steps taken by the liquidator for the obtaining of judicial decisions invalidating transactions made after the 7th November, 1917, in regard to the estate in liquidation, including all agreements transferring the possession of the real estate or mortgages, the Tribunal will pronounce such actions invalid as having been made under conditions leading to a considerable reduction of the value of the liquidated estate to the detriment of the interested parties. All rights acquired in good faith will be upheld.

(4) Records made by creditors of the legal bodies mentioned in art. 1, whose estate has been put in liquidation, in mortgage registers and judicial records, will not have the force of legal mortgages, but the interests fixed by the aforesaid sentences and awards shall be added to the sum total of liabilities and will be satisfied in the manner and under the conditions prescribed in articles 8, 10, 13, 14, and 16.

(5) The liabilities arising from sentences against the legal bodies described in art. 1, may not be recovered by means of legal execution, but shall be incorporated in the sum total of liabilities, and shall be satisfied in the manner and under the conditions prescribed in articles 8, 9 (p. 1 and 2), 10, 13, 14, and 16. This rule does not apply to liabilities arising from current management.

(6) The rules prescribed in p. 1 do not apply to the actions of the State administration or of the liquidator of the estate of former Russian long-term credit institutions; who may perform all the actions foreseen by the statutes of such institutions arising from loans advanced. In the case when an estate mortgaged against such loans has been acquired by the State Agrarian Bank or is to be parcelled out with its co-operation, the State administration or the liquidator may cancel the liability recorded in the mortgage registers on the request of the Bank, after obtaining from them an undertaking to pay the liability of the former Russian institution established by revaluation, together with the administration expenses and other liabilities, all conditions of interest and amortization being maintained unaltered.

Art. 8. (1) In establishing the assets and liabilities of the liquidated estate, account must be taken of all binding orders regarding revaluation, and especially of the decree of the President of the Republic, dated 14th May, 1924, relative to the revaluation of private obligations (Journal of Laws No. 30 of 1925, Item 213); further, the active debts owing to the given legal body should be revalued at the same rate as the active debts owing to Polish citizens.

(2) The prescriptions contained in the decree of the President of the Republic, dated 14th May, 1924, with the exception of art. 43, and the prescriptions of art. 18 and 19 of the decree of the President of the Republic dated 27th December, 1924 (Journal of Laws No. 115 of 1924, Item 1029)shall not, however, apply to liabilities foreseen in art. 14 arising from policies issued by former Russian insurance companies. The revaluation of such liabilities into Polish zlotys shall be made in accordance with the annual percentage scale contained in art. 2 of the decree of the President of the Republic, corresponding to the date when the liabilities were contracted, whereby, in calculating the amount of liability arising from policies the following prescriptions shall be applied.

(3) In regard to Life Policies.

a) The liability arising from policies that became due for payment before the day of the notification of the initiation of the liquidation, shall be considered as the amount of the policy calculated according to the year in which the insurance was contracted after deduction of the unpaid premiums, which shall be calculated in the same way as the amount of the policy. Liabilities arising from endowment policies, under which the payment of premiums was concluded before the date of maturity of the policy, shall be considered as payable on the date of the notification of the initiation of the liquidation, with the allowance on repayment of a discount at the rate of 4 per cent. per annum. Premiums paid after the 7th of November, 1917, shall only be reckoned on the basis of the annual difference between the premiums thus calculated and the amount of the percentage rates of exchange in the years of the payment; the premiums due according to the policy shall be deducted from its total.

b) The liability arising from policies which were subject, under the conditions of their issue, to be substituted before the 1st of August, 1914, by fully paid up policies, and which became repayable before the date of notification of the initiation of the liquidation, shall be taken as the amount of the bond calculated proportionately to the instalments paid and to those still owing.

c) The liability arising from annuities shall be taken as the amount of the capitalized annuity calculated as having become due at the end of the year in which the payment ceased, and revalued according to the year in which the policy was issued. In regard to annuities contracted before the end of 1915, the calculation shall be made to the end of 1915, provided it is not proved that the payment the reof ceased at another time.

d) The liabilities arising from policies which did not mature before the date of notification of the initiation of the liquidation, shall be taken as 70 per cent. of the instalments paid, calculated according to the year in which the policy was issued. Premiums paid after the 7th of November, 1917, shall only be reckoned en the basis of the annual percentage rates of exchange for the years in which they were paid.

e) From the above mentioned liabilities shall be deducted loans against policies and advances of moneys, computed on the basis of the annual percentage rate fixed in art. 2 of the decree of the President of the Republic dated 14th May, 1924, in accordance with the date of the granting of the loan and payment of the advance.

f) Policies issued after the 7th of November, 1917, shall not be taken into consideration neither shall those policies which, on the grounds of the whole context of the conditions of issue, were liable to be declared invalid before the 1st of August, 1914.

(4) In regard to securities of other descriptions, the liability shall be assessed in a manner proportionate to the capitalized amount of the annuity calculated according to the year in which it became payable.

The liabilities described in para. 4 art. 14 shall be revalued according to the dispositions of the decree of the President of the Republic dated 14th December, 1924 (Journal of Laws No. 115 of 1924, Item 1029), with the exception of articles 18 and 19.

Art. 9. (1) In the course of three months from the date of publication of the decision to initiate the liquidation, persons interested therein may prefer their claims to the Committee and bring forward proofs establishing such claims. Rights and claims entered in mortgage books or secured by means of mortgage or inhibition of the estates of a legal entity shall be deemed as duly preferred.

(2) Rights and claims that are not preferred within the above-stated time limit shall be deemed as expired in regard to the estate of the legal body situated on the territory of the Republic of Poland.

(3) The disposition in the foregoing paragraph, does not apply to the rights of shareholders, partners and members deriving from the holding of shares, partnerships or membership rights.

Art. 10. (1) If the claim appears doubtful, the Committee will bring this to the knowledge of the interested party and will fix a time limit for supplementing the evidence. This time limit cannot be less than two weeks from the date when the information is served on the interested party. In exceptional cases the Committee may prolong this time limit.

(2) If the Committee rejects a claim, the person interested therein shall have the right to appeal against the liquidator within one month from the day on which the decision rejecting the claim was served on him.

(3) The non-observance of the time limits fixed by the Committee in accordance with p. 1, or of the time limit foreseen in p. 2, will entail the extinction of the claim preferred in regard to the estate of the legal entity on the territory of the Republic of Poland.

Art. 11. (1) The property of legal bodies whose Statutes foresee, in case of liquidation, the application of the residuary assets either to general purposes or for account of the Treasury of the former Russian Empire or for the account of legal bodies or institutions residing on the territory of the present Union of Socialistic Soviet Republics, will be taken over by the State Treasury.

(2) The decision ordering a property to be taken over by the State Treasury may also be made by the Committee in the case when the estate in liquidation was founded — either entirely or partially — with the help of State or Municipal contributions or by public subsciptions, if the Statutes do not foresee the right of the shareholders, partners or members to share the property amongst themselves.

(3) The decision of the Committee to hand over the liquidated estate to the State Treasury shall be brought to public knowledge.

(4) The property in liquidation shall be taken over by the State Treasury, in conformity with the decision of the Committee, either in kind or through a sale in the manner prescribed in art. 12.

(5) The responsibility of the State Treasury for the liabilities of the estate in liquidation shall be limited, in the case when it is taken over in kind, to the value of the property as established by the Provincial Assessment Commission or by the Mines Assessment Commission acting under the Decree of the Minister of Finance issued in agreement with the Minister of Industry and Commerce on the 21st of September, 1924 (Journal of Laws No. 92 of 1924, Item 863); and in the case when the property is sold, this responsibility shall be limited to the amount of the price paid or agreed opon.

(6) In settling the above mentioned liabilities application shall be made of the corresponding dispositions of articles 13 and 14.

(7) The property taken over by the State Treasury shall be employed according to the decision of the Council of Ministers, for general purposes answering, as far as possible, to the purposes for which it hal formerly been employed.

Art. 12. (1) The properties of legal entities which are not taken over in kind by the State Treasury shall be liquidated by sale by auction or by private contract.

(2) The sale of property by auction shall be ordered by decision of the Committee throught the Competent District Tribunal in undisputed procedure, and shall be made in accordance with the prescriptions of the laws of Civil Procedure.

(3) The sale of movables by auction shall be made on the decision of the Committee by the court-bailiff appointed by the competent Court.

(4) In the case of sale by private contract, the right of purchase shall pertain to all physical and legal bodies entitled to perform legal actions within the Polish State. In cases deemed suitable by the Committee preference shall be given to Polish legal bodies consisting of former partners, shareholders or members of the given legal body.

(5) The sale of the property by private contract cannot be effected at a price less than that assessed by the competent Provincial Assessment Commission.

(6) In the case when all or part of the liabilities of the liquidated estate are transferred to the buyer, the Committee shall fix the mode of security for the payment of the liabilities so transferred.

Art. 13. The sums obtained from the realisation of the assets shall be applied to the settlement of the liabilities on general grounds, whereby first shall be paid the eventual costs of the auction and the expenses of the liquidation determined by the Committee; after the payment of all debts arising from mortgages or privileged rights, compensation shall be paid for accidents to the personnel of the legal body liquidated.

Art. 14. (1) The balance remaining after the settlement of the liabilities enumerated in the foregoing article shall be applied to the settlement of the liabilities towards Polish citizens and of liabilities towards citizens in general which were incurred on the territory of the Republic of Poland or are due on the grounds of contracts made by the branches or by the firm of the given legal entity on the said territory, but only if such liabilities have been admitted as provided by articles 7, 8, 9, and 10.

(2) Liabilities arising from contracts of collective insurance against accidents entered into by virtue of the order of the 2/15th June, 1903 (Russian Journal of Laws No. 81 of 1903, Item 912), the payment of which was taken over by the Insurance Institution in Lwów (Lemberg) by virtue of the law of the 30th of January, 1924 (Journal of Laws No. 16 of 1924, Item 148) shall be transferred to the said Institution.

(3) In the case that the liabilities covered by the present article cannot be paid off entirely, they shall be settled proportionately.

(4) The repartition of the amounts of money shall be made by the Committee.

Art. 15. (1) At the liquidation of the estate of former Russian long-term Credit Institutions shall only be settled those debts to Polish citizens that have arisen from the issue by these Institutions of mortgage certificates and of other title-deeds.

(2) The Minister of Finance shall fix the procedure to determine which mortgage certificates belonged to Polish citizens on the day of the issue of the present decree, and shall also settle the procedure and means for the conversion of such certificates.

Art. 16. In the case that the liquidated estate on the territory of the Republic of Poland is not sufficient to entirely satisfy the liabilities, the partial payment to creditors on the grounds of the present decree shall not impair their rights to sue for the unpaid portion of the liabilities against all other estates of the given legal body.

Art. 17. (1) The balance of assets remaining after the payment of the claims specified in articles 13, 14, and 15, shall be divided by the Committee amongst the shareholders, partners or members in proportion to their participation in the joint-stock capital.

(2) The right to receive amounts of money due by virtue of Art. 1 and of articles 13, 14, and 15, is subject to limitation after the lapse of ten years from the day of the publication in the "Monitor Polski" of the notification to apply for payment.

(3) After the lapse of the above time limit, all sums not claimed shall pass into the possession of the State Treasury.

Art. 18. The decisions of the Committee foreseen in articles 4 and 11 and all other decisions may be appealed against by the persons interested therein to the Supreme Administrative Tribunal.

Art. 19. The present decrees shall not in any way prejudice international treaties and covenants entered into by the Republic of Poland, of which the provisions relating to the matters covered by the present decree shall be maintained in the course of its execution.

Art. 20. The execution of the present decree, by the issue of orders regarding the procedure of the publication of the decisions of the Committee (articles 4, 5, and 11) regarding the manner for the determination and computation of the liabilities arising from various categories of bonds and the liquidation of all categories of property of the legal bodies, as well as the issue of regulations for the Committee of Liquidation of the Affairs of former Russian Legal Entities are entrusted to the Minister of Finance in agreement with the other Ministers interested therein.

Art. 21. The present decree enters into force on the day of its publication.